

eNews

23 NOVEMBER 2021

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

HMRC RELENT ON VAT DILAPIDATIONS

An [HMRC Revenue & Customs Brief](#) published in 2020, concerning termination and compensation payments, suggested that it would be looking to apply VAT on dilapidation payments, possibly retrospectively. After various representations, HMRC withdrew the Brief and said the new policy would be effective from 1 February 2021 and not be backdated. However, no new Brief has been issued and we now understand that guidance has been drafted, but not yet published, that means dilapidations will remain outside the scope of VAT. Please contact [Stephen Patey](#) for further advice and guidance.



A RETURN TO THE PAST ON GOODWILL?

The [UK Endorsement Board](#) has commenced a research project to analyse the potential impact of reintroducing amortisation for the subsequent measurement of goodwill. The project will consider a number of aspects including: how a model of an annual amortisation charge and impairment testing can provide information that is useful for users; the transitioning impact on companies, including the impact on debt covenants and legal and regulatory requirements; potential approaches to estimating the useful life of goodwill; transitional arrangements; and cost

RESOLVING COVID-19 RENT ARREARS

The Government has announced new laws and a [Code of Practice](#) to resolve the remaining commercial rent arrears caused by the pandemic. Whilst commercial tenants are protected from eviction until 25 March 2022, the new Code, which underpins negotiations on settling rent arrears, sets out an expectation that landlords should waive some, or all, of the arrears where they are able to do so. [New proposed law](#) will establish a legally-binding arbitration process from 25 March 2022.



FRC'S ANNUAL AUDIT REPORT

The Financial Reporting Council (FRC) has published [Developments in Audit 2021](#), its annual review of the audit market and its expectations for quality improvements to deliver more effective audits in the public interest. The FRC considers professional scepticism, challenge of management and poor professional judgement remain key areas of deficiency which the FRC considers are fundamental to delivering effective audits. However, the FRC is seeing good practice in using internal and external specialists to challenge management assumptions, delaying sign offs to provide sufficient audit testing time and robustly challenging the work of component auditors.

PENSION SALARY EXCHANGE

Following the introduction of the [Health & Social Care Levy](#), effective from 6 April 2022, employers should consider the use of pension salary exchange to help partly minimise the impact of the levy and generate some National Insurance savings too. Considering the use of pension salary exchange ahead of 6 April 2022 will act as a timely reminder to encourage employees to think about planning for their future pension arrangements. If you have any questions or require advice, please contact either [Nick Bustin](#), Employment Tax Director, or [Dinesh Pancholi](#), Employment Tax Senior Manager.



HMRC HITS THE BULLSEYE

In another IR35 case, concerning Dave Clark the Sky TV darts presenter, the [First Tier Tribunal has found](#) that he was caught by the legislation and faces a tax bill of over £280,000. The Tribunal found that personal services were required and the level of control was sufficient for a contract of services to exist. The decision makes it clear that all the facts of engagements must be established by the engager, especially after the changes to the IR35 rules which have affected the private sector since 6 April 2021. Please contact [Nick Bustin](#), Employment Tax Director, for further information and assistance.

HMRC WARNS OF SCAMS

HMRC has [issued a warning to taxpayers](#) completing their 2020/21 self-assessment tax return to be on their guard against tax-related scams as almost 800,000 such scams were reported in the last 12 months. HMRC is currently issuing four million emails and SMS to taxpayers informing them of guidance and support available. It is also warning taxpayers not to be taken in by malicious emails, phone calls or texts.



EXTENDED LOSS CARRY BACK RULES

The Government introduced legislation in Finance Act 2021 providing a temporary extension to the loss carry back rules for trading losses of both corporate and unincorporated businesses. HMRC [has updated its guidance on the requirements](#) for submitting loss carry-back allocation statements. If your business is in a loss-making position, please contact your usual haysmacintyre advisor, or [Katharine Arthur](#), for assistance claiming the optimum loss relief.

FRC ISSUES CLIMATE REPORTING SUPPORT

The FRC has published a new staff factsheet, [Climate-related matters](#), as part of a series to support the application of FRS 102. The factsheet is a response to the commitments made in recent FRC publications, including the [Climate Thematic](#) and the [Statement of Intent on Environmental, Social and Governance challenges](#), which emphasised that preparers need to consider the impact of climate-related matters on the financial statements as well as in the narrative reporting.



SSP GUIDANCE UPDATED

HMRC has [updated its PAYE guidance](#) for employers to check if Statutory Sick Pay (SSP) paid to employees, due to COVID-19, can be claimed back. Please contact our [employment tax team](#) for assistance and for other employment related tax matters.

AND FINALLY... HMRC APOLOGISES FOR ITS SERVICE

ICAEW's Tax Faculty has been urging HMRC to tackle the backlog of correspondence that has accumulated, especially with corporation and income tax repayments, registrations for self-assessment (SA) and VAT, amendments to SA returns and 64-8 applications for agent authorisations. Whilst HMRC has said it is on track to clear the SA registration backlog by the end of January, it has issued a statement on its performance through the ICAEW which can be read [here](#).

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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 2021