

## NFP eNews 15 JUNE 2022

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

### BUTLER-SLOSS V CHARITY COMMISSION: ETHICAL INVESTMENT

The Ashden Trust and The Mark Leonard Trust have been successful in their high court case which sought confirmation that their trustee boards were not overstepping their legal rights and responsibilities by aligning the trusts' investment policies with their mission. The Trusts felt that the existing guidance from the Charity Commission was not clear about whether the decision was within the power of the trustees, as the guidance was focused on maximising return on investments.

The trustees were concerned that they may be acting contrary to the guidance by prioritising climate change mitigation over financial return when making investment decisions. The High Court's ruling clarifies that trustees can adopt a responsible investment approach, even when this could impact on their financial returns. The Charity Commission is now expected to update its guidance on responsible investments, which was paused while the court case was concluded.



### CHARITY COMMISSION CONSULTATION ON THE ANNUAL RETURN

The Charity Commission has launched a [consultation](#) on proposed changes to the annual return, which has not been significantly amended since 2018. The Commission is proposing that any changes as a result of the consultation will take effect from 2023 onwards.

The planning of additional questions includes:

- More detailed questions on income sources and single sources of funding
- More information on roles and responsibilities, controls and organisational structure
- More accurate information on the geographical areas within England and Wales where each charity operates
- More questions on staffing number and payroll costs

The Commission is also considering including some time-limited questions which will only appear once in the return to cover topical issues or concerns.

### AVOIDING PENALTIES FOR MTD

HMRC have published a [factsheet](#) on how to avoid penalties for Making Tax Digital (MTD) for VAT.

The factsheet states that you must:

- File your VAT return using functional compatible software
- Keep records digitally
- Use digital links to transfer or exchange data
- Use the checking functions within your software

Please contact [Stephen Patey](#), Senior VAT Manager, for assistance with VAT matters.



### POINTS MEAN PENALTIES

HM Revenue & Customs (HMRC) has [issued its guidance](#) to the new penalty and interest regime that will apply for VAT returns from 1 January 2023, which replaces the current default surcharge system. Points will accrue when a VAT return is late which will result in a £200 penalty once a penalty threshold has been reached. Interest on late paid VAT will be dependent upon how late the payment is made. HMRC has stated that they will not be charging late payment penalties in the first year if paid in full within 30 days of the due date.

### FRC ILLUSTRATES GOOD PRACTICE

The FRC has published [good examples of audit work](#) from its Audit Quality Review team of the seven largest audit firms as part of its objective of being an improvement regulator. The findings cover planning, execution and completion.



### GOVERNMENT TO OVERHAUL AUDIT MARKET

[The Government has announced a number of changes](#) to the UK's corporate reporting and audit regime. The Financial Reporting Council (FRC) will be replaced by a new, stronger regulator- the Audit, Reporting, and Governance Authority (ARGA) with tougher enforcement powers funded by a levy on industry.

Other proposed changes include:

- Unlisted companies with over 750 employees and with over £750 million annual turnover falling under ARGAs scope
- FTSE 350 companies being required to include a challenger firm in part of their audit
- Greater director accountability

### DULHC CONSULTATION ON TRANSITIONAL ARRANGEMENTS FOR BUSINESS RATES EVALUATION

The Department for Levelling Up, Housing and Communities (DULHC) has published a [consultation](#) on the transitional arrangements relating to the 2023 business rates revaluation. The next revaluation of properties for business rates will take effect from 1 April 2023, and will be based on the rental market as at 1 April 2021. The consultation is seeking views on the transitional arrangements that will be adopted at the 2023 revaluation.



### CESSATION OF INTERACTIVE P11DS

HMRC has confirmed that it has withdrawn the interactive PDF version of forms P11D and P11D(b). Businesses will now need to use HMRC's PAYE online service for this year's returns. Please contact our [Employment Tax team](#) if you require advice regarding benefits reporting or employment taxes more generally.

### AND FINALLY... MAY THE 4TH BE WITH YOU

The new Chair of the Charity Commission, Orlando Fraser, made his inaugural speech on 4 May, and his notes can be read here. Orlando set out his intentions to lead an expert regulator that is fair, balanced and independent. Read more on Orlando's intentions [here](#).

### UPCOMING EVENTS

#### [Quarterly Charities Update](#)

14 September 2022  
16:00 - 17:30  
Online

#### [Quarterly Charities Update](#)

06 December 2022  
16:00 - 17:30  
Online

For further details on our not for profit upcoming events and to register, visit [www.haysmacintyre.com/hm-events](http://www.haysmacintyre.com/hm-events).

We welcome your feedback on this update and would be pleased to hear about any areas you would like to see covered in future editions. Please email [Jane Askew](#), Director and Head of Arts and Culture, with any comments.

# haysmacintyre

haysmacintyre  
10 Queen Street Place  
London EC4R 1AG

T 020 7969 5500

F 020 7969 5600

E [marketing@haysmacintyre.com](mailto:marketing@haysmacintyre.com)

[www.haysmacintyre.com](http://www.haysmacintyre.com)

[@haysmacintyre](https://twitter.com/haysmacintyre)

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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

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CHARITY FINANCIALS Insights, analysis, benchmarking

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

CharityFinance

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