

eNews

07 JUNE 2022

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

## 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 and 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 ARGA's scope; FTSE 350 companies being required to include a challenger firm in part of their audit; and greater director accountability.



## HMRC pauses on some R&D repayments

HMRC has informed various professional bodies that it is pausing the payment of some Research & Development Tax Credits whilst it investigates some irregular claims. HMRC is asking Research & Development (R&D) claimants to bear with them and asks them and their agents not to contact the helpline or mailbox to chase their claims. It is understood that the majority of R&D tax credit claims will not be affected.

## FRC reports on discounting

The FRC has published a review of discount rates used in financial reporting which can represent a significant area of estimation uncertainty and error. The review found: discount rate and cashflow assumptions should be internally consistent and avoid double counting risks; general scope for improvement of disclosures; and companies should consider the need to involve specialist third party advice. The review also includes examples of good practice in reporting discount rates.



## Share sale proceeds under scrutiny

The [Chartered Institute of Taxation](#) has published details of a HMRC project where it has been reviewing declarations from share sales proceeds on 2019/20 self-assessment tax returns against the values declared by purchasing companies. HMRC is now issuing a nudge letter where discrepancies are found which invite a disclosure to be made. HMRC is expected to take further action against non-respondents. We recommend reviewing your declared 2019/20 share sales ahead of receiving a potential communication from HMRC. Please contact [Danielle Ford](#), Head of Tax Disputes and Resolutions, if you require assistance.

## CCAB updates money laundering guidance

The CCAB has [published Anti-Money Laundering and Counter-Terrorist Financing Guidance for the Accountancy Sector 2022](#). The guidance is based on laws and regulations as of July 2021 and covers the prevention of money laundering and the countering of terrorist financing. It replaces the draft guidance published in September 2020. Changes from the draft include the need to report discrepancies in the PSC to Companies House as soon as reasonably practicable and a number of changes from 'should' to 'must' regarding actions accountants must take in implementing anti-money laundering processes.



## HMRC target umbrella company fraud

HMRC has [announced its Fraud Investigation Service](#) is using its powers to challenge mini umbrella company fraud and those facilitating it. It has already deregistered tens of thousands of mini umbrella companies which it believed were involved in exploiting the VAT Flat Rate Scheme and the Employment Allowance. Where investigations established that a business in the supply chain knew, or should have known, that there was fraud, HMRC has taken steps to deny other businesses in the same labour supply chain the right to recover VAT input tax. Please contact our [Employment Tax](#) team for advice on employment taxes.

## IFRS 17 adopted by UKEB

The [UK Endorsement Board \(UKEB\)](#) has [approved](#) the adoption of the International Accounting Standards Board's IFRS 17 Insurance Contracts for use by UK companies. This is the first major standard adopted by the UKEB since it delegated its powers in May 2021.



## Fraudulent SDLT claim

[HMRC](#) has [warned homeowners](#) about rogue tax repayment agents who are approaching new homeowners claiming Stamp Duty Land Tax (SDLT) has been overpaid and seeking refunds on their behalf. HMRC says it is seeing 'obviously spurious refund claims'. HMRC's enquiries into such claims sometime happen after the agent has taken their fee leaving the homeowner exposed to repaying the erroneous refund, with interest, and the possibility of penalties. HMRC have a helpline on 0300 2003 510 for assistance or, alternatively, contact [Katharine Arthur](#), Head of Private Client.

## No changes to FRS 101

The FRC has issued [amendments to Basis for Conclusions FRS 101 - 2021/22 cycle](#), which concludes the 2021/22 annual review of [FRS 101 Reduced Disclosure Framework](#). No amendments have been made to FRS 101 as a result of this review.



## FCA looks to improve UK listing attractiveness

The [Financial Conduct Authority \(FCA\)](#) is [continuing its discussion](#) on how it can make the listing regime more effective, easier to understand and more competitive. Under one of the FCA's suggestions, companies wishing to list in the UK would no longer have to choose between two different segments (premium and standard) with different branding and standards. Instead, all listed companies would need to meet one set of criteria and could then choose to opt into a further set of obligations. These would be focused on enhancing shareholder engagement and be overseen by the FCA.

## 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 and consider such issues as: goodwill risk assessment and impairment; going concern; challenge of disclosures; revenue recognition and government grants; impact of COVID-19 on going concern; long term contract accounting; use of specialists; and communication with audit committees.



## And finally... cessation of interactive P11Ds

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

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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