

eNews

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

LCCI's Q3 Capital 500 shows mixed outlook

The London Chamber of Commerce and Industry (LCCI) issued its [Capital 500 Quarterly Economic Survey](#) for Q3 at the start of October. Whilst there were signs of economic improvement, with improved export orders and profitability expectations, this was tempered by continuing cost pressures. Inflation and borrowing costs are the main concerns for businesses. Although confidence in their own companies continues to recover, London businesses are not as optimistic for the wider economy with 36% expecting it to worsen, up from 26% in the previous quarter.



Autumn Statement 2023

On Wednesday 22 November, the Chancellor will announce his Autumn Statement 2023 to Parliament which is likely to be a progress report on the economy and the Government's key targets, such as reducing inflation, rather than a mini-Budget as took place last year following the short-lived Truss administration. The Statement will also be accompanied by an economic and fiscal forecast from the Office for Budget Responsibility. haysmacintyre will be issuing its usual comprehensive analysis of the Statement but please contact [Katharine Arthur](#), Partner and Head of Private Client, if you require assistance on your tax affairs.

Changes afoot in accounts filing

On 26 October 2023 the [Economic Crime and Corporate Transparency Act 2023](#) passed into law. Inter alia, this will require small companies to file a profit and loss account and directors' report, thereby removing the filleted accounts options and meaning turnover will be disclosed. However, no timetable for implementation has been set and Companies House will require time to update its systems. The Government also intends to make digital filing and tagging of accounts mandatory and to reduce the number of times a company can shorten its accounting reference period.



IFS highlights the additional tax burden

Research from the [Institute of Fiscal Studies \(IFS\)](#) has shown that the current Parliament is likely to be the biggest tax-raising parliament since records began, pushing UK tax revenues to historically high levels. In 2019 UK tax revenues were c33% of national income but by the next election this is forecast to have risen to 37%, the equivalent of raising £ 100 billion more in tax revenues or c£3,500 per household. This percentage has not been seen since the Second World War.

HMRC targets nursing and care homes

HMRC has issued a [One to Many letter](#) to businesses in the nursing and care home sectors due to concern that they have been [targeted by agents](#) encouraging them to make Research and Development (R&D) claims that HMRC regard as ineligible. Although HMRC recognises that the sector can meet the criteria for making R&D claims, its experience is that most claims are rejected. The letter also explains that HMRC operates a pay the claim first then check it and that it is looking at many more claims than usual. Please contact [Danielle Ford](#), Partner and Head of Tax Disputes and Resolutions, if you require assistance with such letters.



OPBAS+ is ICAEW's favoured regulation system

ICAEW has responded to a Government consultation on creating a single anti-money laundering (AML) regulator. In its response to the Treasury it notes its concern that proposals to create a single AML regulator could create disruption and harm to the UK financial system. ICAEW's preferred option is the proposed OPBAS+ model, which would enhance the current powers of the Office for Professional Body Anti-Money Laundering Supervision (OPBAS) and increase the effectiveness of professional body supervision (PBS). Further information is available on the [ICAEW website](#).

FRC issues reporting expectations

The Financial Reporting Council (FRC) has published its [Annual Review of Corporate Reporting](#) together with its expectations for the coming reporting season. The FRC reviewed 263 company reports, raised queries with 112 companies and required 25 companies to restate their accounts. Issues on impairment, judgements and estimates were the most frequent areas of query, although the FRC continued to find significant issues with cashflows. The FRC said its key disclosure expectations for 2023/24 include: uncertainties and the approach to them to be sufficiently clear to users; a clear description of the business risks in the strategic report; transparency on the material risks from financial instruments; clarity on climate; and critically reviewing the annual report and accounts before issue.



ICAEW CPD changes

The start of this month saw ICAEW introduce its revised Continuing Professional Development (CPD) Regulations which include a minimum number of hours depending on the type of work being carried out by the member. The requirements can be up to 40 hours per annum, for anyone working in practice with listed companies, with each work category having a minimum number of verified hours needed. At least one hour of verifiable CPD must be on ethics. Further [details are available on ICAEW's website](#), including a CPD assessment tool to enable you to work out which category best applies to you.

Too good to be true

HMRC is aware of a scheme being marketed at property businesses involving hybrid partnerships as a tax planning option to individual property landlords which claims to allow increased mortgage interest deductions with reductions in tax payable, Capital Gains Tax on the sale of properties and reduced Inheritance Tax on death arising. [HMRC's view is that the scheme does not work](#) and those who use the arrangements will pay more than the original tax liability in terms of tax, interest, penalties and fees. If you are using this or a similar arrangement and wish to correct your tax position, please contact [Danielle Ford](#), Partner and Head of Tax Disputes and Resolutions.



Rotation for asset valuers

The Royal Institution of Chartered Surveyors has published an [amendment to its Red Book](#) valuation manual which includes mandatory rotation of valuation firms such that no firm can value an asset for regulated purposes for more than ten consecutive years. In addition, no individual valuer can be identified as the responsible value for for the same asset, for the same regulated purpose, for a period of more than five years. The new regulations will come into effect on 1 May 2024.

FRC consults on enhancing auditor reporting of laws and regulation breaches

The [FRC has opened a consultation](#) on strengthening the requirements of ISA (UK) 250 on auditors to detect and report material misstatements from non-compliance with laws and regulations. It also seeks to clarify instances where auditors should report such breaches, and other significant matters, to the relevant regulators. The FRC proposes a more robust risk assessment to help auditors identify those laws and regulations that have, or may potentially have, a material effect on the financial statements. The consultation closes on 12 January 2024 and is proposed to be effective for accounting periods beginning on or after 15 December 2024.



HMRC aims to cut calls by 30%

The CEO of HMRC, Jim Harra, has [told a Treasury Committee](#) that he intends to reduce the volume of phone calls to HMRC advisers by 30% by December 2024 and will shut more helplines. The aim is to force people to move to digital services and for HMRC to try to achieve service level targets. Harra told the Committee that HMRC had insufficient resources to deliver its service standards through the traditional post and phone channels. He also admitted that online services currently had a 24% satisfaction level compared to the normal figure of 29%.

Cancelled share options deemed fully taxable

The First-Tier Tribunal has ruled in the case of [P Hemingway v HMRC](#) that where a payment was made to an employee on the cancellation of their share options, the payment was fully taxable under the employment-related securities rules and did not benefit from the tax exemption for termination payments on the first £30,000. If you have any concerns over the cancellation of share options, and the tax and National Insurance of any subsequent payments, please speak with [Dave Bareham](#), Shares Scheme Director, or [Nick Bustin](#), Employment Tax Director.



Electric charging of company cars and vans at home

HMRC now accepts that the reimbursement of costs relating to charging a company car or van will fall within scope of the exemption provided under Section 239 ITEPA 2003 such that no benefit in kind arises. Employers who previously reported any benefit in kind on the reimbursement of electric chargers should consider making a repayment claim. Please contact a member of the [employment taxes team](#) for assistance.

Materiality in practice

The FRC has published "[Materiality in practice: applying a materiality mindset](#)", a report looking at how companies can improve their reporting by being more focused and strategic when assessing materiality. The report, [in four sections](#), recognises that removing irrelevant information strengthens the value of an entity's reporting and encourages preparers to think about investors' needs and decision making and take a holistic approach towards materiality. It also encourages preparers to focus on the key issues that management and the board are prioritising across the short, medium and long-term.



Additional proposed non-financial reporting rules withdrawn

The [Government has withdrawn proposed reporting rules](#) following consultation with companies who expressed concern on the additional burdens the proposals would create. The proposals, published last July, would have created additional corporate reporting requirements for large UK listed and private companies, including an annual resilience statement, distributable profits figure, material fraud statement and triennial audit and assurance policy statement. The Government has said it will set out options to reduce the burden of red tape and, whilst it remains committed to wider audit and corporate governance reform, the necessary legislation will be brought forward "when Parliamentary time allows".

Extended deadline for paying voluntary National Insurance contributions

For anyone who is looking at maintaining their National Insurance contribution record, the deadline for paying voluntary contributions for the tax years 6 April 2006 to 5 April 2018 has been extended to 5 April 2025. This may be of relevance for an individual with an incomplete contribution record, especially if they had worked overseas at any time. HMRC has provided the following additional [guidance](#). Please contact our [employment tax team](#) for further assistance.



ICAEW reviewing PII requirements

The ICAEW has opened a [consultation to review the Professional Indemnity Insurance \(PII\)](#) arrangements of ICAEW members and firms due to changes in structure and insurance arrangements, pressures to manage the cost of PII and more firms being unable to secure qualifying insurance. The proposals include: increasing the minimum indemnity limit from £1.5m to £2m on any one claim, with a lower amount where gross fee income is less than £800,000; firms with fees over £50m to have in place reasonably appropriate arrangements; and the insurer becoming liable if a firm fails to pay a claimant any amount which is within the excess due to its insolvency. The consultation closes on 14 December 2023.

And finally... Chartered Accountancy at Christmas

Although the Christmas party season is still a few weeks away, [ICAEW has published a reminder](#) that members and firms have obligations under the Disciplinary Bye-laws and Code of Ethics to behave professionally. ICAEW has seen an increase in the amount of inappropriate behaviour being reported to it. ICAEW will investigate any ICAEW member whose behaviour is likely to bring discredit upon that individual, ICAEW or the profession as a whole, wherever it takes place.

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Winner: Large Firm
of the Year 2023



An eprivateclient
top accountancy firm 2023



Top 15 auditor to quoted companies
in Adviser Ranking Listing