

eNews

9 JANUARY 2024

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



A happy New Year to our readers

With this edition of eNews being the first of 2024, we would like to say thank you to all our readers for their support during 2023 and to wish you all a happy, healthy and prosperous New Year.

Repayment notices by post have ceased

[HMRC has announced](#) that it will no longer send letters telling taxpayers of self-assessment repayments claiming that they caused confusion as they often arrived after the repayment had been made. Taxpayers will be able to sign up to receive digital notifications, although HMRC has paused such notifications whilst it makes improvements to its IT system. No date for reactivating these notifications has been announced, although taxpayers will still be able to see the status of repayments online.



2024 Budget announced

The Government has confirmed that the Chancellor, Jeremy Hunt, will give his [Spring Budget on Wednesday 6 March 2024](#). This is expected to be the last economic and fiscal update before the next General Election. haysmacintyre will again be producing its comprehensive summary following the Budget announcement. Please contact your usual haysmacintyre adviser, or [Katharine Arthur](#), if you require assistance with your tax affairs.

Results bearing fruit from our investment in audit quality, by Partner, David Cox

If you read the financial press, you probably would have noticed a number of negative articles about audit quality.

As the firm's Head of Audit I read these articles with mixed feelings as I can sympathise with my peers from other firms but I also want to shout about all the great work we're doing at haysmacintyre.

You may have seen in the press last month that the FRC published their [report](#) slamming the "unacceptable" audit quality at some firms. The FRC reviewed 13 audits across 11 firms and only five required no more than limited improvements. To translate that into normal English - only 38% of audits passed the test.

As disclosed in our 2023 transparency [report](#) haysmacintyre was one of those 11 firms that had an FRC inspection last year and we were proud to receive positive feedback on the audit they reviewed and very pleased to shout that we were one of those five passes.

Our great client service as well as our high audit quality has enabled us to increase the number of listed company clients that we act for.

The latest AIM Advisers Rankings Guide is now live and we are delighted to announce that we're now a top 10 auditor to AIM listed clients.

Whilst we're proud of the above, the large majority of our audit work is for private companies or not for profit entities.

Those audits are regulated by the Institute of Chartered Accountants in England and Wales (ICAEW) and their inspectors are just completing their latest review of seven of our audits in line with their established two-year review cycle. Those reviews also demonstrate our high audit quality, and we look forward to sharing those positive results in due course.

We have invested a significant amount of time and money in improving audit quality over the past few years and these positive file reviews are a great recognition of the collective effort of the whole team at haysmacintyre. It was great to sign off 2023 on a positive note and I look forward to continuing that investment and effort in 2024 to further improve the quality of our work and the quality of our service to our clients.



The perils of relying on AI

A taxpayer, who represented herself at the First Tier Tribunal (FTT), has [lost her appeal against a failure to notify penalty](#) on the grounds of mental health and/or a reasonable ignorance of the law. In her appeal she cited nine tax rulings where a reasonable excuse was found to have existed. However, all nine cases cited had been fabricated by artificial intelligence (AI). Although the FTT accepted the appellant was unaware the cases were false, the FTT did not take into account her reliance on the AI cases and decided her appeal on established principles.

UK and Switzerland mutually recognise audit qualifications

The Financial Reporting Council (FRC) and its Swiss equivalent, the Federal Audit Oversight Authority, have [agreed to mutually recognise the statutory audit qualifications](#) of each other. This means those that have obtained professional audit qualifications and registration as a statutory auditor in either the UK or Switzerland will be able to apply for recognition of their qualification and audit rights in the other country. This protocol is expected to be in force in about a year's time.



Latest round of nudge letters following a further review of the Pandora Papers

HMRC is issuing [further nudge letters to taxpayers](#) who may have undisclosed tax liabilities after another review of the Pandora Papers. The letter gives taxpayers an extended response period of 60 days (originally 30 days), explains that penalties of up to 200% of any tax due may be charged and reminds recipients of the disclosure facilities available. For more information on the Pandora Papers see our [article](#). If you receive a nudge letter, or require assistance with a potential undisclosed liability, please contact [Danielle Ford](#), Partner and Head of Tax Disputes and Resolutions for assistance.

IR35 HMRC 1

The former Liverpool defender and now Sky Sports presenter, Phil Thompson, has lost his dispute concerning his employment status in regard to his engagements with Sky Sports as a football pundit. At the FTT, HMRC successfully argued that Sky's control of his output was sufficient to determine that Thompson was engaged through a hypothetical contract of employment. This decision contrasts with the decisions made in respect of other broadcasters, including Kaye Adams and Stuart Barnes, and demonstrates the subtleties involved in determining employment status. Please contact our [Employment Taxes team](#) for assistance with employment tax matters.



HMRC nudges buy to let owners

Continuing its strategy of [using focused nudge letters](#), HMRC is targeting buy to let landlords who claimed incorporation relief in 2017/18. [The letter sets out a number of areas](#) to be checked, including where consideration was given other than in shares, such as a director's loan account. The letter requests a response and indicates HMRC will consider opening an investigation with a view to a discovery assessment if there is no reply. Given the technical nature of this area, we would strongly advise taking professional advice if you receive such a letter. Please contact [Danielle Ford](#), Partner and Head of Tax Disputes and Resolutions, if you require assistance.

FRC's focus for 2024/25

The Financial Reporting Council (FRC) has announced its [areas of supervisory focus during its 2024/25](#) reviews. The following five sectors will be prioritised for reviews of accounts and audits: construction and materials; food producers; gas, water and multi-utilities; industrial metals and mining; and retail. The FRC will focus on the following areas when performing its reporting reviews and audit quality reviews: risks related to the current economic environment, such as going concern, impairment, recoverability and recognition of tax assets/liabilities; climate related risks, including TCFD disclosures; implementation of IFRS 17 – Insurance Contracts; and cash flow statements.



Minor amendment to FRS 101 proposed

The FRC has published [FRED 85 Draft amendments to FRS 101 Reduced Disclosure Framework – 2023/24](#) cycle which proposes minor amendments to align FRS 101 with IAS 1 Presentation of Financial Statements. The proposed change is to Appendix II Note on Legal Requirements and makes it explicit that the definition of current and non-current liabilities is based on the circumstances at the end of the reporting period. The consultation closes on 4 March 2024.

And finally... festive filings

Over the period from 24 to 26 December 2023, [25,769 taxpayers submitted their 2022-23 self-assessment](#) tax return, an increase of nearly 17% on the previous year. The deadline for filing your 2022-23 tax return is 31 January 2024 with interest and penalties arising if payment of tax liabilities and submission of the return is not made by this date.

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Winner: Large Firm of the Year 2023



An eprivateclient top accountancy firm 2023



Top 10 auditor to quoted companies in Adviser Ranking Listing