

eNews

7 MARCH 2023

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

New VAT penalty regime in operation

Although previously reported, HMRC has reminded businesses that March will see the first monthly returns and payments affected by the penalties. The new regime replaces the Default Surcharge method with one that is a combination of a late payment penalty and interest for payments of VAT which are late, as well as a separate penalty for late submission of a return. The penalties for late VAT returns also apply to businesses that submit nil returns and those making repayment returns. Please contact [Ramzan Khan](#), Senior VAT Manager, for assistance with the new VAT interest and penalty rules.



HMRC to target overseas entity tax evasion structures

From 1st March 2023, HMRC now has access to the new register of overseas entities and plans to use this to investigate tax evasion arrangements. HMRC are advising taxpayers to declare any income before they raise investigations. There is a maximum sentence of up to one year imprisonment if a taxpayer fails to declare offshore income or gains resulting in more than £25,000 of tax due, even if there was not an intent to evade tax. Please contact [Danielle Ford](#), Head of Tax Disputes and Resolutions, if you require assistance.

VAT and dinosaurs

Paradise Wildlife Park Limited (PWP) has lost its appeal at the First Tier Tribunal (FTT) that the construction of a lion enclosure and the "World of Dinosaurs" should have been zero, not standard, rated for VAT. PWP claimed the building was intended for use solely for a relevant charitable purpose undertaken by The Zoological Society of Hertfordshire (ZSH). However, the FTT determined that ZSH was carrying out a business through the zoo for a number of reasons, including an admission price based on expected costs, and zero rating was therefore not available. Please contact [Stephen Patey](#), Senior VAT Manager, for assistance with your VAT queries.



Allow more time for PAYE direct debits

HMRC has informed ICAEW that employers should allow extra time to set up new variable direct debit arrangements for paying PAYE. Although HMRC's current guidance tells employers to allow at least six working days in advance, delays in processing has caused the ICAEW Tax Faculty to recommend setting up new direct debits at least nine working days in advance of the payment date.

News Corp's digital newspapers not newspaper for VAT

Hard copy publications such as books, magazines and newspapers have been zero-rated since VAT was introduced in 1973. This was extended to digital publications on 1 May 2020 as part of the pandemic response. However, News Corp has been arguing that zero-rating should have applied before then to digital versions of the Times and other newspapers. [The Supreme Court has now rejected](#) this argument following sojourns through the First Tier and Upper Tribunals and the Court of Appeal.



ECL levels announced

HMRC has [announced the Economic Crime Levy \(ECL\) charges](#) that will apply from September 2023; these range from £10,000 to £250,000 for businesses with over £1 billion of revenue. The ECL applies to entities supervised under the Money Laundering Regulations and with UK revenues exceeding £10.2 million per year. Such entities will have to register, submit an annual return and pay the ECL charge. The ECL will be collected by either HMRC, the Financial Conduct Authority or the Gambling Commission. Entities that qualify as small will not need to register, nor be liable for the charge.

FRC explains stewardship and governance

The Financial Reporting Council (FRC) has [released a factsheet](#) designed to explain the duties and responsibilities under corporate governance and stewardship. It sets out in a series of frequently asked questions together with relevant answers and is designed to remove the confusion that sometimes exists between what corporate governance and stewardship mean.



And finally... fed up with waiting

The heads of the ten leading [UK professional bodies have written](#) to the Chancellor saying "customer service levels delivered by HMRC have fallen to an unacceptably low level". This follows a number of criticisms over HMRC's performance including waits of six months or more to receive repayments and reliefs. The bodies are calling on the Chancellor to use the Budget to properly invest in HMRC, focusing on improving customer service and effectiveness, as a top priority.

haysmacintyre

haysmacintyre
10 Queen Street Place
London
EC4R 1AG

T 020 7969 5500
F 020 7969 5600
E marketing@haysmacintyre.com

www.haysmacintyre.com


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

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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 2022