haysmacintyre

eNews
08 MARCH 2022

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

CCAB speaks on the Ukraine invasion

CCAB has issued a statement to the accounting profession following Russia's invasion of Ukraine which covers matters that accountants should consider, whether in business or practice. The statement covers: ethical considerations, including the need to act appropriately; keeping up to date with changing sanction rules; considering the need to obtain legal advice; guidance links on trade sanctions; enhanced due diligence procedures on Politically Exposed Persons; and fully understanding the source of funds and wealth of high risk clients.

The end of filleted accounts?

The Government has issued a White Paper regarding reforms to Companies House to change it from a passive recipient of information to an active gatekeeper of company creation and accurate data. It proposes to remove the abridged and filleted accounts options so that all small companies will have to file a profit and loss account, balance sheet and a directors' report. The Government is also considering a 'file once' ability so that companies file their accounts in a central place which the various government bodies can then access. No timetable has been announced, other than it being a priority for the Government.

Economic Crime Act accelerated

The Government has announced that it will accelerate the introduction of the Economic Crime (Transparency and Enforcement) Act. This should assist in the battle against money launderers, especially in the UK property market, and is specifically aimed at supporters of Putin in the wake of his invasion of Ukraine. This will introduce a register of overseas entities detailing foreign owners of international companies that own UK land and property. It will apply to properties bought up to 20 years ago in England and Wales. Non-compliant entities will face selling restrictions and individuals found in breach will face up to five years' imprisonment.

Shining a light on climate disclosures

The Department for Business, Energy & Industrial Strategy has published guidance to assist reporting entities meet the new mandatory climate-related financial disclosure requirements. The disclosure requirements apply to publicly quoted companies and large private companies and LLPs for financial years starting on or after 6 April 2022.

Capital allowances allowable on project costs

Four companies, which owned and operated an offshore wind farm, have successfully argued at the First Tier Tribunal (FTT) that costs, totalling £48m, in connection with studies and project management costs partly qualified for capital allowances. HMRC had claimed that such expenditure was too remote from the generation assets and that, whilst the expenditure enabled the appellants to incur expenditure on plant, the expenditure itself was not plant. The FTT considered whether the windfarms should be viewed as a single plant, or individual parts, but concluded parts of expenditure directly related to the windfarm itself should be allowed.

OTS to focus on simplification

The Office of Tax Simplification (OTS) has issued a scoping document regarding its approach to tax simplification. The review is designed to inform how the Government and the OTS should prioritise simplification efforts over the next five years. The review will develop a framework of principles and approaches to guide and inform work on tax simplification, explore the impact of tax complexity and evaluate the benefits of simplification. The review will also consider the overall tax landscape, international approaches to simplification and the feasibility of appropriate approaches.

PAC expresses concern over COVID-19 fraud levels

The Public Accounts Committee (PAC) has published a COVID-19 cost tracker update in which it estimates that losses from fraud and error in COVID-19 support schemes will be between £12.4 and £20.1 billion out of a total expected cost of £370 billion. The report criticises the Government for exposing the taxpayer to substantial financial risks from fraud and error and is concerned that the Treasury does not currently plan to distinguish COVID-19 costs from normal spending in the future which threatens transparency over the real total cost.

FRC considers the application of Wates

The Financial Reporting Council (FRC) has published an assessment of the quality of reporting from private companies who have chosen to follow the Wates Principles, the most widely adopted corporate governance code by large private companies. The research found good disclosures regarding their formal policies but less clarity as to their practical application. Overall, it was considered that there was room for improvement in such reporting but that it was too early to draw definitive conclusions. The FRC's report includes examples of good reporting which may be of assistance to preparers wanting to adopt the Wates Principles.

Bulk COVID-19 appeals

HMRC has said it will accept bulk appeals from agents against late filing penalties for late tax returns caused by COVID-19 and accepted that COVID-19 might be a reasonable excuse for appealing against a late filing penalty. HMRC's announcement sets out a number of conditions in order for the appeals to be processed correctly and notes that HMRC has the right to carry out random checks and to seek further clarification as to the exact nature of the COVID-19 related reasonable excuse.

Treasury consults on introducing OST

The Treasury has opened a consultation on introducing an online sales tax (OST) which is designed to inform its thinking on whether to introduce such a tax to help rebalance the retail sector. The consultation is open until 20 May 2022 and includes a number of questions such as the scope of such a tax, whether click and collect should be exempted, how it might be avoided, whether a threshold or allowance should apply and the regularity of reporting.

And finally… one million returns last month

HMRC has revealed that over one million taxpayers took advantage of the extra month to file their 2020/21 self-assessment return. By the end of February 2022, HMRC had received 11.3m tax returns out of a total expected of 12.2m. HMRC has also given taxpayers until 1 April to pay their outstanding tax liability or set up a Time to Pay arrangement to avoid receiving a late payment penalty. However, interest has been running since 1 February 2022. Please contact Katharine Arthur, Head of Private Client, if you need assistance with your personal tax matters.

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

A member of msi Global Alliance
Independent legal & accounting firms

We are a Living Wage Employer

Committed to Sustainability

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