

eNews

19 APRIL 2022

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

## **FRC updates on accounting standards review**

The [Financial Reporting Council \(FRC\)](#) has issued an update regarding its periodic review of UK accounting standards. Following a request for views, which found that the UK standards were generally working well, the FRC is holding roundtable discussions on accounting for leases, credit losses and revenue accounting. Although there was some support for on balance sheet accounting to be brought into FRS 102, the International Accounting Standards Board has tentatively decided to leave leasing unchanged in the IFRS for SMEs Standard for now. It is not expected that any changes will be effective before 1 January 2025.



## **National Living and Minimum Wages increased**

On 1 April 2022 the [National Living Wage rate rose 6.6%](#) to £9.50 per hour from £8.91. The National Living Wage is the Government's minimum rate that employers must pay staff aged 23 and over. Staff under 23 are entitled to the National Minimum Wage which now varies between £4.81 for 16 and 17 year-olds to £9.18 for 21 and 22 year-olds.

## **UKEB to review intangibles accounting**

The [UK Endorsement Board \(UKEB\)](#) has announced it will undertake research to consider how the accounting and reporting of intangible assets can be improved to make financial statements more useful. The research will explore stakeholders' views on intangible asset accounting under International Accounting Standards, review current reporting practices and better understand investor perspectives on current and future reporting. Interviews of interested stakeholders will take place during April and May 2022.

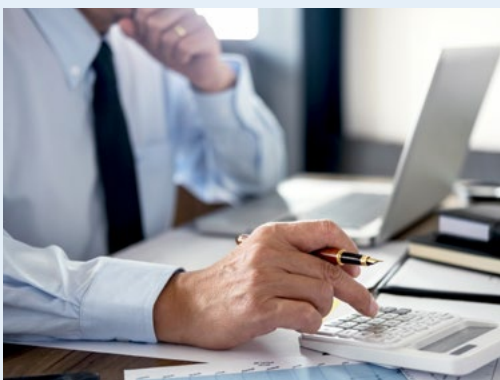


## You can't have your flapjack and eat it zero-rated!

Although confectionary has always been standard rated, cakes have been an exception to this and are zero-rated for VAT purposes. There have been numerous cases of 'cake versus biscuit' in the courts over the years. The latest episode concerned [Glanbia Milk Limited vs HMRC](#), the Tribunal did not dispute that the 36 varieties of protein flapjacks were flapjacks, but they decided these flapjacks did not meet the definition of a 'cake' for VAT purposes. As such, they upheld HMRC's decision that the flapjacks were standard rated confectionary items instead of being zero-rated cakes. Please contact [Ramzan Khan](#), Senior VAT Manager, for assistance with VAT matters.

## FRC issues three-year plan

The FRC has [published its three-year plan](#) which includes its continued transition to the new Audit, Reporting and Governance Authority (ARGA), as well as how and when the FRC will need to increase its capacity to cover its new powers and responsibilities. The plan sets out the FRC's core objectives as: setting high standards in corporate governance and stewardship, corporate reporting, auditing and actuarial work; promoting improvement and innovation; influencing international standards; promoting a resilient audit market; and transforming into a robust, independent and high performing regulator.



## New proposed ISA 600 exposed

The FRC has published the Exposure Draft of the [Proposed ISA \(UK\) 600 Special Considerations - Audits of Group Financial Statements \(Including the Work of Component Auditors\)](#). The revisions reflect recent revisions to the international version, with an enhanced focus on the risk of material misstatement at the financial statement level and the need for robust communication between group and component auditors. The Exposure Draft is open for comment until 8 July 2022.

## HMRC warns of tax avoidance schemes

Following the introduction of new powers, [HMRC has named its first tax avoidance schemes](#) in a bid to warn the public away from such schemes. The two named schemes both involve employment contracts and working as a contractor at the National Minimum Wage with the remainder of the wage being via a loan to try to avoid National Insurance and Income Tax. Identifying such avoidance schemes is part of HMRC's "[Tax Avoidance – Don't Get Caught Out campaign](#)."



## RPDT commences

The [Residential Property Developer Tax \(RPDT\)](#) has now been introduced for the larger property developers with profits over £25m. RPDT applies for accounting periods beginning on or after 1 April 2022 and, broadly, is a charge of 4% on the profits of residential property developers, although an allowance of £25m is given in a 12-month period. Where a company's accounting period straddles 1 April 2022, the profits of the accounting period will be time apportioned to determine amounts falling before and after the start date.

## And finally... Time to Pay

More than 142,000 taxpayers have used [HMRC's online 'Time to Pay' facility](#) to spread the cost of their tax liability since April 2021 and pay £475m under the scheme. Taxpayers with a liability of under £30,000 can use the online facility to set up monthly instalments. Taxpayers who did not pay their 2020/21 liability by 1 April 2022 now face a 5% late payment penalty as well as interest accruing since 31 January 2022. Please contact [Katharine Arthur](#), Head of Private Client, if you require assistance with your personal tax affairs.

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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



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