

eNews

26 JULY 2022

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

LCCI's QES provides a chilly outlook

Earlier this month, the London Chamber of Commerce and Industry (LCCI) [published its Quarterly Economic Survey \(QES\)](#), which seeks to gauge performance and confidence levels in businesses of various sizes across the capital. The QES for Q2 2022 found domestic demand had plateaued, costs continue to climb and, for many firms, cashflow had not improved over the past year, leading to a more pessimistic outlook for profitability over the coming year. Concerns over inflation, the Ukrainian war and a threat of a recession all contributed to a fall in business confidence.



FRC looks to revise the Code

The Financial Reporting Council (FRC) has [announced plans to overhaul the Corporate Governance Code \(Code\)](#), introduce fraud reporting duties for directors and update the ethical standard for auditors. The priority will be overhauling the Code, including the development of a set of Minimum Standards for Audit Committees. The new Code is expected to apply to periods commencing on or after 1 January 2024 with consultation on the changes happening in Q1 2023. At present, there is no detail on the fraud reporting requirements for directors.

Caught offside by IR35

The First Tier Tribunal has considered another IR35 case involving a TV presenter, this time Alan Parry Productions Limited. The tribunal found that the mutuality of obligation and control tests existed between Parry and Sky such that he worked under the control of Sky and there was a deemed employment relationship. The total tax exceeded £350,000 before any offsets, payable by Parry. However, under the current rules, any liabilities post 6 April 2021 would have been those of Sky as the engager. Please contact our [Employment Tax team](#) if you require assistance with employment tax.



HMRC responds to complaints

Following a [joint letter from four professional bodies](#) expressing concerns about HMRC service levels, [HMRC has responded](#) to defend its service levels. Although recognising the negative impact its performance has on tax agents and accountants, HMRC believes it is making solid progress which will continue. The response highlights a number of relative improvements it has made and believes a newly introduced agent dashboard will help improve communication on issues that arise.

Ban on accountants working for Russian companies

Following a [press release](#) in early May stating that accountants would be banned from working with Russian companies, the Government has now [released the enabling legislation](#) which became effective from 21 May 2022. The Institute of Chartered Accountants in England and Wales (ICAEW) has published guidance on the prohibition, which introduces a definition of accountancy services, and can be found [here](#).



R&D claims are changing

[HMRC has announced changes](#) to the Research and Development (R&D) Tax Relief scheme for accounting periods beginning on or after 1 April 2023. Although the costs of datasets and of cloud computing will be brought into the scope of R&D claims, relief for subcontracted work and externally provided workers will be limited to UK activity. In an effort to tackle R&D abuse, claimants will normally have to make claims digitally, analyse costs down qualifying categories and provide a brief description of the R&D. Each claim will also need to be endorsed by a named senior officer of the company and any agent who has advised on the claim.

New ICAEW CPD policy

The ICAEW has announced that it will [be introducing a new policy for Continuing Professional Development](#) (CPD) from November 2023. The new policy will see the need to complete an appropriate amount of CPD, including a minimum number of verifiable hours, with the number of hours varying depending on the role. However, the principles of members needing to consider their development needs, creating an action plan, carrying out the plan, evaluating its effectiveness and, at the end of the year, declaring that they have complied, will remain. Evidence of compliance maybe requested.



Register of Overseas Entities to be launched

[Companies House](#) has announced its intention to launch the Register of Overseas Entities on 1 August 2022. The new register will require overseas entities that own UK land or property to declare their beneficial owners or managing officers. For those not completing the register there will be severe sanctions including restrictions on buying, selling, transferring, leasing or charging their land or property in the UK. However, we await further details on what exactly will be required.

Red alert issued regarding Russians evading sanctions

The National Crime Agency and others have [issued a red alert](#) on financial sanctions evasion typologies by Russian elites and their enablers. The alert is designed to provide information from law enforcement and the legal and financial services sectors on some of the common techniques designated persons and their UK enablers are suspected to be using to evade financial sanctions, with the aim of promoting awareness and bringing about preventative action.



FRC issues AGM guidance

The FRC has issued [new guidance on running effective Annual General Meetings](#) (AGMs) for listed companies with the aim of enhancing shareholder participation. The guidance sets out seven principles which should be followed either before, during or after the AGM and include: clear instructions on attendance and participation; Board updates on matters raised by stakeholder groups considered to be material to the company's strategy, performance and culture; being as transparent as possible; and encouraging engagement throughout the year.

And finally... second payment on account

Individuals and trustees who are required to pay their tax liability on account, face the second payment of their 2021/22 tax liability on 31 July 2022. Please contact [Katharine Arthur](#), Partner and Head of Private Client, for 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



An eprivateclient top accountancy firm 2021