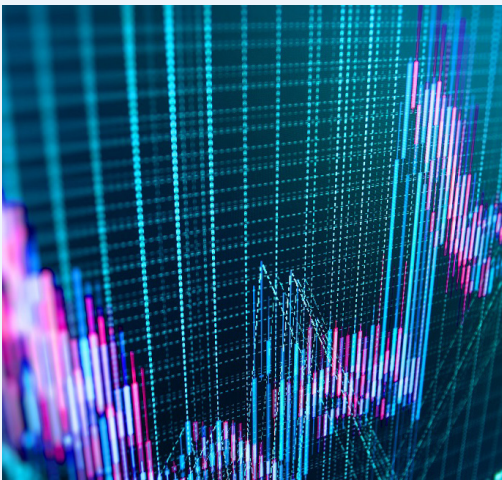


eNews

9 MARCH 2024

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

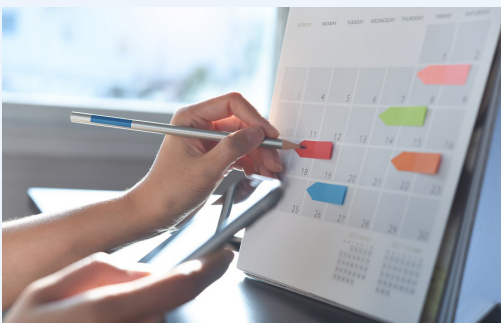


## FRC updates UK accounting standards

The Financial Reporting Council (FRC) has issued its [periodic review of FRS 102](#) which sees revisions to the accounting of leasing and revenue to bring UK GAAP more into line with IFRS. The changes will largely remove the distinction between operating and finance leases, except for short and low value leases, meaning leased assets will appear on balance sheet. The revenue changes will introduce the five-step recognition model to UK GAAP, which IFRS users will already be familiar with. The FRC has published a useful [summary document](#), which also includes details of other changes, all of which will be effective for accounting periods beginning on, or after 1 January 2026.

## Small is getting bigger

The Government has announced its intention to [increase the thresholds that determine a company's size](#) by 50%, with the intended effective date being accounting periods beginning on, or after 1 October 2024. It is expected that the criteria for turnover and total assets for small companies will increase to £15 million and £7.5 million respectively, with increases to £54 million and £27 million for medium sized companies. The Government will also consult on increasing the employee size threshold for medium sized companies to 500 employees, from 250, and exempting such companies from producing strategic reports.



## Employment tax calendar

With a new tax year having just started, there are plenty of employment tax deadlines coming up in the next few months for businesses to remember, as well as the normal monthly reporting requirements. Please refer to our [Spring 2024 Employment Tax Briefing](#) which we have recently published which contains a calendar of useful reminders. Please contact our [Employment Tax](#) team for further advice and assistance.

## IASB proposes changes to goodwill and business combination disclosures

The International Accounting Standards Board (IASB) has issued an [Exposure Draft \(ED\) on Business Combinations – Disclosures, Goodwill and Impairment](#). The ED proposes amendments to disclosures for acquisitions under IFRS 3 Business Combinations and changes to the impairment testing of cash-generating units containing goodwill under IAS 36 Impairment of Assets. In particular, IFRS 3 would be amended to include the need to make disclosures about expected synergies and management's key objectives and targets against these. It is proposed to retain the impairment only goodwill model (i.e. no amortisation) and the need to perform annual impairment tests, whilst simplifying the calculation of value in use and clarifying how goodwill should be allocated to cash generating units. The consultation ends on 15 July 2024.



## Another tax U-turn or was this a doughnut?

Less than a day after [HMRC announced it would close](#) the self-assessment helpline for six months from April, and close the VAT helpline other than on the five business days up to and including the monthly filing deadline, it reversed its decision. The volte face came in the face of widespread criticism, including over the accessibility of HMRC's online service which the closure was designed to force the use of. HMRC has said it will engage with stakeholders to ensure all taxpayers' needs are met.

## Payment was for termination, not damages

The Upper Tribunal Tax (UTT) decision in [Mathur v Revenue & Customs Commissioners](#) has recently been released which considered evidence presented as part of an Employment Tribunal hearing and whether a £6 million receipt was taxable as a termination payment. The UTT confirmed that the payment was taxable under Section 401 ITEPA 2003, as opposed to a payment of damages, which meant that only the first £30,000 was exempt from a charge to income tax. The amount of income tax at stake was in the region of £2.6 million! Please contact [Nick Bustin](#), Employment Tax Director, for further assistance.



## VAT on hospital car parking

The [Court of Appeal](#) has re-examined the VAT liability of NHS car park charges when operated directly by NHS Trusts. In the First Tier and Upper Tribunals, HMRC had successfully argued that such charges were subject to the standard rate of VAT. However, in this appeal it was decided that, as NHS Trusts constitute “Public Authorities”, not taxable persons, if they were making supplies in the course of their activities as a public authority, without significantly distorting market competition, the supplies of car parking at healthcare facilities were outside the scope of VAT. Please contact [Dougie Todd](#), VAT Partner, for assistance with your VAT issues.

## Auditors go “down under”

The FRC and Australian Securities and Investment Commission (ASIC) have announced a [Memorandum of Understanding on Reciprocal Arrangements](#) between the UK and Australia. This will allow auditors who have obtained professional audit qualifications as a statutory auditor in either the UK or Australia to more easily apply for recognition of their qualification and audit rights in the other nation.



## Advance assurance on termination payments withdrawn

HMRC has announced that it will no longer provide employers and advisers with advance assurance on the tax treatment of termination and redundancy payments other than via the normal non-statutory clearance process, such as, where there is a genuine point of uncertainty on the correct treatment. Previously HMRC was committed to giving binding answers on: termination cases involving the disability and injury compensation exception; the foreign service exception; how the £30,000 threshold applied to payments made by third parties and the employer; and on non-cash provisions. Please contact our [Employment Tax](#) team for assistance with your employment tax matters.

## FRC issues 2024-25 plan and budget

The FRC has published its [plan and budget for 2024-25](#). Whilst the FRC does not expect the Government to confer more statutory powers on it in the next year, it will continue to promote trust and confidence in audit, corporate reporting and governance. The FRC will also embed its "growth duty" into its regulatory decision-making to support UK growth and competitiveness whereby it will consider the economic consequences of its actions and ensure they are proportionate and minimise the regulatory burden. In the absence of an extended remit, headcount is expected to remain constant and its budgeted cost to be less than previously forecast.



## Mandatory payrolling of benefits

Following the announcement of the [mandatory payrolling of benefits](#) from April 2026, Class 1A National Insurance will also need to be reported and paid monthly (on the monthly benefit value) in real time through the payroll. Currently, the Class 1A is paid by 19 July following the end of the tax year. Employers will be able to operate the voluntary payrolling of benefits before 2026, but only on the statutory basis. Please contact our [Employment Tax](#) team for advice and assistance.

## FRC to study sustainability assurance services

The FRC has announced it has launched a consultation into the [UK market for sustainability assurance services](#). The study aims to ensure this rapidly growing market is functioning effectively and providing high quality assurance over companies' sustainability reporting. It is a regulatory tool for exploring issues within a market in-depth and may lead to proposals to improve how the market functions. The closing date for responses is 13 June 2024 and the FRC anticipates the market study being concluded in early 2025.

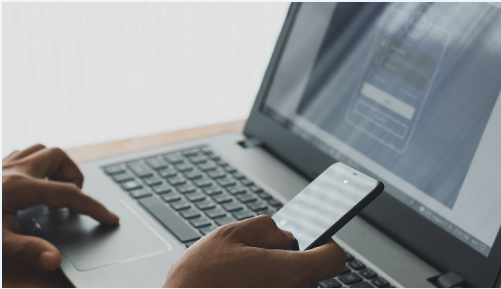


## FCA open for cETNs

The [Financial Conduct Authority \(FCA\)](#) has announced that it will not object to requests from Recognised Investment Exchanges to create a UK listed market segment for cryptoasset-backed Exchange Traded Notes (cETNs). They would be restricted to professional investors, such as investment firms and credit institutions authorised or regulated to operate in financial markets only. Exchanges will need to ensure sufficient controls are in place, so trading is orderly and proper protection is afforded to professional investors.

## Increase in national minimum wage

At the beginning of April the [national living wage](#) hourly rate rose to £11.44 per hour, from £10.42, and extended to apply to workers aged 21 and over and to live in domestic workers. The national minimum wage for those under 21 has also increased from 1 April 2024.



## And finally... One Login to replace Gateway

HMRC has announced its intention to [replace Government Gateway accounts with One Login](#). The replacement service will have two factor authentication and will be rolled out over the next three years. The change will allow users to access all central government services with a single login. Users will be requested to transition to the new system at the appropriate time.

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