

eNews

12 MARCH 2024

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



2024 Budget

Last week, the Chancellor unveiled his 2024 Budget which he described as a "budget for long term growth" and which is likely to be the last significant fiscal announcement before the General Election. Cuts in National Insurance and Capital Gains Tax on residential properties were partly funded by abolishing the Furnished Holiday Lettings and Multiple Dwellings Relief for Stamp Duty Land Tax regimes, as well as a new vaping duty and restrictions on the non-domiciled tax regime. [haysmacintyre published a comprehensive analysis](#) of the Budget. Please contact your usual haysmacintyre adviser, or [Katharine Arthur](#), Partner, if you require assistance with your tax affairs.

HMRC fixes IR35 OPW double taxation issue

HMRC has legislated in [Finance Act 2024](#) to remedy the double taxation issue in IR35 Off Payroll Working (OPW) cases where the public or private end user/fee payer has erroneously treated a worker providing services via its Personal Service Company (PSC) as being outside IR35. From 6 April 2024, HMRC will be able to offset the amount of Income Tax, National Insurance, Corporation Tax and dividend tax paid by the contractor/PSC against any PAYE liabilities due. The legislation will be back dated to 6 April 2017. Please contact the [Employment Tax team](#) should you require assistance.



Improving prospects for IPOs and M&A?

The outlook for IPOs and M&A deals in 2023 looked uncertain. The amount of cash raised through IPOs in London plunged by 90% in 2022 with the trend for declining M&A and IPO activity continuing into 2023. Despite this, there is an expectation of a slightly more positive outlook for the UK's private and public equity markets into 2024 supported by the FCA's proposals to reform the UK listing regime and more stable access to debt financing as interest rates are expected to settle. Read more of our market insight [here](#).

Treasury reviews Russian sanctions

The Treasury Committee has [called for evidence](#) on how effective the UK's financial sanctions on Russia are proving to be and whether the sanctions should be extended. It is asking for written evidence on several areas including: the effectiveness and completeness of the financial sanctions; the appetite for confiscating frozen assets and any legal precedents for such actions; whether the sanctions should be widened to include those who purchase Russian oil and gas; and the mitigation of any unintended consequences.



Cooking the identity

Companies House is investigating the incorporation of over 750 companies in a six-week period which have tried to clone the identity of famous chefs, including Heston Blumenthal and the Ritz. The companies have been set up with names very similar to existing business, or which could be reasonably linked to genuine businesses, or with subtle misspellings of the real businesses, such as "Dinner by Heston Blumenthall" (including an extra 'l' at the end). The scammers have then stolen money from the cloned business and ordered high valued items before leaving unpaid invoices after receiving the goods. It is hoped that the [additional verification required when incorporating companies from 4 March 2024](#) will help combat this practice.

Protein bars are not cakes

DualFuel has [unsuccessfully appealed to the First Tier Tribunal \(FTT\)](#) against HMRC's ruling that its nutrition protein bars were not zero-rated for VAT purposes. DualFuel argued that their flapjack and brownie sports bars, intended for pre and post-workout consumption, should be zero-rated as cakes. However, HMRC classified them as confectionary due to their ingredients and intended use. Despite evidence and arguments presented, including the primary ingredients being oats, the judge ruled that the bars were not cakes based on appearance, ingredients, taste, packaging, marketing and consumption patterns and should be standard rated. Please contact [Dougjie Todd](#), VAT Partner, for assistance with your VAT challenges.



Inferred distribution nudge letters

HMRC is now [issuing nudge letters](#) to taxpayers who HMRC suspect may need to declare income from distributions or dividends. The letters arise from HMRC looking at company accounts and identifying large drops in the profit and loss reserve. The letter gives taxpayers 30 days to respond and explains that penalties of up to 100% of any tax due may be charged. If you receive a nudge letter or require assistance with a potential undisclosed liability, please contact [Danielle Ford](#), Partner and Head of Tax Disputes & Resolutions.

HMRC U-turns on DCPUs

On 12 February [HMRC updated its guidance on Double Cab Pick Ups \(DCPUs\)](#) that would have seen them treated as cars, rather than vans, from 1 July 2024, for capital allowance and benefit in kind purposes. This would have aligned their tax treatment with most other modified vehicles. However, on 19 February, in the face of concerns from farmers and the motoring industry, HMRC announced that DCPUs with a payload of more than a tonne would continue to be classed as goods vehicles and confirmed those with a payload of under a tonne would be treated as cars. Please contact our [Employment Tax team](#) for assistance in navigating your employment tax issues.

CMA reports on housing market

The Competition and Markets Authority (CMA) has published the [initial findings from its housebuilding market study](#), which was instigated after Michael Gove wrote expressing concerns as to whether homebuilders were developing the homes needed quickly and sufficiently. The research found that the number of houses built and their affordability were impacted by two main factors: the nuances of the planning system and insufficient housing being built outside of the speculative approach, such as affordable housing, self-build, and build-to-rent. Overall, the CMA found the housebuilding market was not delivering well for consumers and that an intervention was required in the market.



FRC on reporting quality

The Financial Reporting Council (FRC) has published a [thematic review on the reporting](#) by the UK's largest private companies which has found mixed quality when explaining material complex or judgemental matters. Accounting policies were often boilerplate and not tailored to the specific circumstances. There was also a criticism of the disclosures around financial instrument risks, such as liquidity, whereas good examples described the specific risks and quantified the exposure and sensitivity. Good strategic reporting gave clear and concise explanations on developments, performance and understanding of the entity and did not need to be voluminous to be effective.

And finally... beware of the scammers

HMRC has issued a warning to be alert against scams in the wake of the Self-Assessment tax season. HMRC has said reported suspicious contacts exceeded 200,000 in the year ended 31 January 2024 which represented an increase of 14% on the previous year. [HMRC has published guidance](#) on identifying tax scam phone calls, emails and text messages.

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)

A member of



Independent legal & accounting firms



Committed to Sustainability

haysmacintyre, 10 Queen Street Place, London EC4R 1AG

Tel: +44 (0) 20 7969 5500

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Winner: Large Firm of the Year 2023



An eprivateclient top accountancy firm 2023



Top 10 auditor to quoted companies in Adviser Ranking Listing