

eNews

25 JULY 2023

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

Over £1 billion of R&D fraudulent claims

HMRC has issued its [Annual Report and Accounts for 2022-23](#) which reveals it has revised its estimate of fraud and error in the Research and Development (R&D) schemes during 2020/21 from £336 million to £1.13 billion. However, deliberate misrepresentation to obtain funds not due (i.e fraud), accounted for only a small percentage with the vast majority being down to mistakes, failure to take reasonable care, as well as deliberate non-compliance. HMRC also acted in April 2022 against a suspected criminal attack which resulted in additional security measures being implemented with further changes to come.



Second payment on account due 31 July

For those under self-assessment and who need to make payments on account, 31 July 2023 is the deadline for making the second payment on account of the tax liability for 2022/23. Interest, currently at 7.5% per annum, will be payable on late payments. Please contact [Katharine Arthur](#), Partner, Head of Private Client, if you require assistance with your personal tax affairs.

Shake up for AML supervision?

HM Treasury has [published a consultation on reforming](#) the anti-money laundering (AML) and counter-terrorism financing supervisory system. Currently there are three statutory supervisors and 22 Professional Body Supervisors (PBSs) with the Office for Professional Body Anti-Money Laundering Supervision (OPBAS) being responsible for consistency over the PBSs. The consultation sets out four possible replacement systems: OPBAS+, whereby OPBAS is given more powers and accountability; PBS Consolidation; a Single Professional Services Supervisor for all legal and accountancy firms; a single AML Supervisor. The consultation is open until 30 September 2023.



Tax avoidance promoters could be criminalised

The Government has issued [draft legislation](#) for consultation prior to its intended inclusion in the Finance Bill 2023-24 which will mean promoters of tax avoidance schemes, who ignore HMRC Stop Notices, would face criminal charges and a potential two year prison sentence. [HMRC will also be given powers](#) to bring disqualification action against directors of companies involved in promoting tax avoidance and those behind it. Please contact [Danielle Ford](#), Partner, Head of Tax Disputes and Resolutions, if you require assistance with tax disputes.

HMRC to collect more information

HMRC has confirmed that, no earlier than 2025/26, [employers will be required to provide more detailed information](#) on employee hours worked using Real Time Information PAYE reporting. Shareholders who are company-owner managers will need to separately show on their Self-Assessment tax return dividend income from their own companies and their percentage holding. Self-employed taxpayers will also need to provide the start and end date of their self-employment. HMRC claims the changes will improve the quality of data collected to provide better outcomes for taxpayers, improve compliance and build a more resilient tax system.



Russian sanctions revised for auditors

The [Government has revised the sanctions](#) regarding auditors providing audit services to companies with a Russian shareholder. With effect from 30 June 2023, a UK undertaking that is part owned by a Russian shareholder is permitted to be audited by a UK auditor not with standing this might result in auditing services being provided, directly or indirectly, to a Russian shareholder.

FRSs 101 and 102 amended

The Financial Reporting Council has issued amendments to [FRS 102](#) and [FRS 101](#) as a result of the introduction of the OECD's Pillar Two model rules which seek to ensure large multinational groups pay a minimum amount of income tax. The amendments to FRS 102 introduce a temporary exception to the accounting for deferred tax arising from the implementation of the Pillar Two rules, together with targeted disclosure requirements. The amendments to FRS 101 provide an exemption from some of the disclosure requirements in IAS 12 Income Taxes, provided that equivalent disclosures are included in the relevant consolidated financial statements.



NIC relief on company car allowances

The [Upper Tier Tribunal \(UTT\)](#) has allowed the joint appeal made by two major construction companies, allowing relief for National Insurance Contributions (NIC) in respect of car allowances. The UTT made it clear that the NIC disregard was intended to provide for a basis for the 'fair reimbursement' for business use of the car and therefore was not subject to NIC. Whilst we expect HMRC will seek leave to appeal the UTT decision, any employers who previously submitted protective repayment claims should now re-visit them. Please contact [Nick Bustin](#), Director, Employment Taxes, for assistance and further information.

HMRC call waiting time notifications

Following an initial trial, HMRC is introducing messages informing callers of the estimated waiting time to speak to an adviser on more of its helplines. The waiting time is based on the previous day's average and will be available on a number of helplines including the Construction Industry Scheme, National Insurance and VAT.



And finally... AI to join the fight against tax fraud

HMRC has [issued its IT strategy: 2022 to 2025](#) in which it reveals its intention to use artificial intelligence (AI) to detect tax fraud or digital identity to make it easier for taxpayers to engage with HMRC. It also intends to use new technologies to improve the taxpayers' experience when engaging.

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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 2022