

E-NEWS

22 AUGUST 2017

WELCOME TO ENEWS, HAYSMACINTYRE'S REGULAR "E-NEWS ALERT" FOR CORPORATES AND PRIVATE INDIVIDUALS.

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GOVERNMENT CONFIRMS EXTENT OF RETROSPECTIVE TAX LEGISLATION

The Government has issued further [notes in respect of Finance Bill \(No 2\) 2017](#) including a briefing note setting the out the main legislative changes which will have retrospective effect from April 2017. Most of the measures dropped to facilitate the passing of the Finance Bill before the June 2017 general election will be reinstated when the Bill is published next month, the notable exception being Making Tax Digital. For further information, please contact your usual haysmacintyre adviser, or [Katharine Arthur](#).

BUSINESS CONFIDENCE FALLS

The [Q3 2017 ICAEW Business Confidence Monitor](#) has shown that business confidence has returned to negative territory with business being more cautious with a hung parliament and stuttering Brexit negotiations. Other key findings of the survey include: a continuation of the squeeze on household incomes; the depreciation in sterling not creating faster growth in exports; business not investing at a rate commensurate with faster economic growth; and a shortage of non-management skills, although investment in staff training remains weak.

FCA PUBLISHED PROPOSALS TO EXTEND THE SMCR

On 26 July 2017 the [FCA published the long awaited draft rules](#) which will effect nearly all FCA regulated entities as it extends the Senior Managers and Certification Regime ("SMCR") across the industry. The SMCR final rules are likely to be published in the summer of 2018 with implementation in 2019. These rules are being introduced to promote a 'culture of accountability' throughout the financial services industry.



GOVERNMENT CONSULTING ON UNFAIR LEASE PRACTICES

The Government has opened a [consultation on unfair practices in the leasehold market](#), in particular the sale of new leasehold houses with onerous ground rents, and follows concerns over the actions of some housebuilders. This consultation seeks views on: prohibiting the sale of new build leasehold houses; restricting ground rents on new leases to a “peppercorn”; changing the Help to Buy scheme; and providing freeholders on private estates with the same rights as leaseholders to challenge service charges on communal areas. The consultation closes on 19 September 2017.

GUIDANCE ISSUED ON TRANSITIONING TO FRS 105

HMRC has issued [guidance regarding the transition to FRS 105](#), The Financial Reporting Standard applicable to the Micro-entities Regime, and the related tax implications. This follows HMRC’s earlier guidance regarding the [transition to FRC 102](#). The underlying theme is that when an entity changes from one valid basis of accounting to another receipts and expenses should only be taxed or relieved once. If you require assistance with your transition between accounting frameworks, please contact your usual haysmacintyre adviser or [Nick Jordan](#).

NON-FINANCIAL REPORTING

The Financial Reporting Council (“FRC”) has issued a [factsheet covering non-financial reporting](#) to support the introduction of the EU Directive on non-financial and diversity information. The regulations apply to certain companies and qualifying partnerships, with over 500 employees, for financial years beginning on or after 1 January 2017. The Directive sees the introduction, inter alia, of disclosures on understanding the impact of its activity, disclosure of anti-bribery and anti-corruption matters and a description of the principal risks of its operations. Companies will also need to disclose explanations for not pursuing policies in respect for human rights, corruption and other matters.



GUIDANCE ON IMAGE RIGHTS

HMRC has issued guidance on the taxation of image rights, the payments often received by high profile individuals, often in sport, for the use of their name, image or other personal characteristic for commercial purposes. If you require advice on the taxation of your image rights, please contact your usual haysmacintyre adviser or [Katharine Arthur](#).

MORTGAGE APPLICATION FORM SA302 TO CEASE

HMRC will stop issuing paper copies of form SA302 to support mortgage applications; form SA302 was obtained from HMRC as confirmation of income. HMRC says that it has agreed with UK Finance (formerly the Council of Mortgage Lenders) that lenders will accept printouts instead from HMRC's online account or commercial software used to file self-assessment returns. A list of lenders who have agreed to accept on line copies is available [here](#).



SAO ESCAPES PENALTIES AT FTT

HMRC has lost the first [appeal to be heard at the First Tier Tribunal \("FTT"\)](#) on the Senior Accounting Officer ("SAO") regime regarding penalties that had been raised on the SAO of the Lenlyn group, which included International Currency Exchange ("ICE"), for errors made in VAT returns. HMRC believed the SAO did not have in place an effective system for ensuring the accuracy of the VAT returns. However, the judge considered that all the circumstances needed to be considered and decided the SAO had been making gradual improvements, despite limited resources, and cancelled the penalties.

AND FINALLY....SINNING IS A VIRTUE FOR THE TREASURY!

Research undertaken by the Institute of Economic Affairs into the "[cost benefit of smoking](#)" has shown that the revenue raised from tobacco duty plus the savings in healthcare, pensions and other benefits from early death exceed the cost of treating smoking-related diseases and other costs, such as fire and butt collecting, by nearly £15 billion per annum. This follows further earlier research which indicated that the [net benefit of alcohol](#), on a similar basis, was over £6 billion. Only [obesity had a net cost of £2.5 billion](#). Clearly the type of sin matters!

ABOUT HAYSMACINTYRE

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As a mid-tier firm we're large enough to provide a wide range of services, yet small enough to offer a personal, responsive approach.

As a founding member of MSI Global Alliance, one of the largest and most respected associations of independent legal and accounting firms, we are ideally placed to advise you on international matters.

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