

E-NEWS

16 MAY 2017

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

haysmacintyre
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FRC SIMPLIFIES DIRECTORS' LOANS IN SMALL COMPANIES

The Financial Reporting Council ("FRC") has [issued an immediate revision to FRS 102](#) to allow loans in a small company from a director, who is also a shareholder, to be carried at transaction price rather than at fair value. This will avoid the need to discount interest free loans to recognise their fair value. This is an interim measure which will be replaced when [FRED 67](#) is finalised. This only applies to loans from directors who are also shareholders and does not include long term loans between group companies.

FCA TO REGULATE CAR FINANCE?

The Financial Conduct Authority ("FCA") has confirmed that it is to undertake a review of the motor finance sector and whether financing arrangements for cars should be subject to tougher affordability tests. This follows concern that the growth in Personal Contract Purchase ("PCP") deals is creating a new "sub-prime" crisis with PCP deals being sold to consumers who are unable to afford to fulfil them.

ICAEW FINDS BUSINESS CONFIDENCE IS IMPROVING

The [ICAEW Business Confidence Monitor Q2 2017](#) reveals that business confidence has moved into positive territory for the first time since Q2 2016, although it remains weak. Both exports and domestic sales are predicted to strengthen, and although input price inflation is increasing, businesses are looking to pass this onto consumers. Businesses are not intending to increase employment, wage growth or spending on staff development. However, although capital expenditure is expected to increase, spending on research and development is expected to remain modest.



HMRC LOSES CASE OVER SUPPLIES "CLOSELY RELATED" TO EDUCATION

Unusually, the [Court of Justice of the European Union \("CJEU"\)](#) has ignored the Opinion of the Advocate General in the Brockenhurst College case. It has ruled that supplies of restaurant and entertainment services made by education providers to members of the public, as part of the students' education, can be treated as being "closely related" to the provision of education and therefore exempt from VAT. This is a significant blow to HMRC and provides the possibility of making a backdated claim on HMRC. Please contact your usual haysmacintyre adviser or Kam Chauhan if you are affected by this decision.

VAT RELIEF ON THE WAY FOR E-PUBLICATIONS?

MEPs recently voted in favour of the proposals to allow reduced rating of VAT on e-books and electronic publications. Whilst this is a welcome move, it is not certain whether this will in practice lead to any changes in UK VAT law. Firstly the government does not have to adopt a reduced rate, and it is unlikely to be able to apply zero-rating, and secondly Brexit may mean we do not need to adopt EU VAT law!

HMRC EXTENDS DEADLINE FOR EMPLOYEE EXPENSES CONSULTATION

Although HMRC has no plans to remove the tax relief on employee expenses, [HMRC has extended the deadline on its call for evidence](#) to 10 July. In particular, HMRC is asking for views on whether: the current rules, or their administration, can be made clearer and simpler; the tax rules for expenses are fit for purpose; and why the cost to the Exchequer of the tax relief for expenses, which are not reimbursed by employers, has increased in recent years. Please contact your usual haysmacintyre adviser or [Joanne Hennessy](#), Employment Tax Senior Manager, for further details.



THE LAB REPORTS ON DIGITAL REPORTING

The Financial Reporting Lab ("the Lab") has published a [report into a framework for future digital reporting](#) which sets out the various views of preparers, investors and other stakeholders as to what they would like to see in future digital corporate reporting. The framework identifies twelve characteristics that are fundamental to the reporting. Under the broad headings of production, distribution and consumption the characteristics include: cost efficiency, timely, free, accessible, usable and engaging.

GOVERNMENT DITCHES PROPERTY AND TRADING INCOME RELIEFS

Amongst the Budget proposals dropped in the slimmed down version of the Finance Bill 2017, were the two £1,000 allowances for property and trading income, originally unveiled in March 2016 and due to come into effect from 6 April 2017. The reliefs were aimed at helping small scale entrepreneurs, such as on eBay and Airbnb. However, the rent a room scheme has survived and allows taxpayers to rent out spare rooms and generate up to £7,500 per annum without paying tax. Please contact your usual haysmacintyre adviser, or [Katharine Arthur](#), if you require assistance with your tax affairs.

BUSINESSES TO BE LIABLE FOR TAX EVASION

The Criminal Finances Act 2017 ("the Act") received Royal Assent on 27 April 2017 and introduced new corporate "failure to prevent" offences of failing to prevent facilitation of UK and/or foreign tax evasion. The Act provides a defence where the organisation has reasonable prevention measures in place to prevent persons associated with it from committing such offences. The Act also introduces Unexplained Wealth Orders, requiring recipients to explain the source of their wealth, and more information sharing within the regulated sector. The Act will come into force by Statutory Instrument, which is expected this autumn.



AND FINALLY..... THANK YOU FOR ALL YOUR SUPPORT

In our last eNews we mentioned that on 5 May, twenty eight partners and staff would be cycling from London to Brighton to raise funds for [SANDS](#), the stillbirth and neonatal death charity which is one of the firm's selected charities. To date, the team have raised over £7,000 and would like to thank those that have helped raise these funds. Donations can still be made [here](#).

ABOUT HAYSMACINTYRE

We are a leading mid-tier firm of Chartered Accountants and tax advisers in central London, providing advice to entrepreneurs, fastgrowing and owner-managed businesses, charities and not for profit organisations across the UK and internationally.

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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A list of partners' names is available for inspection at 26 Red Lion Square, London WC1R 4AG.

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