

E-NEWS

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

haysmacintyre
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CORPORATE GOVERNANCE FOR LARGE COMPANIES

The Financial Reporting Council ('FRC') has published a consultation, the [Wates Corporate Governance Principles for Large Private Companies](#), on extending the corporate governance principles to large private companies. The consultation encourages six principles to be followed covering purpose, composition, responsibilities, opportunity and risk, remuneration and stakeholders and reported against on a 'comply or explain' basis. The reporting requirements are intended to apply to all companies with more than 2,000 employees and/or turnover exceeding £100 million and a balance sheet of over £2 billion.

SUPREME COURT STAMPS OUT SAVING ON CHELSEA BARRACKS

The [Supreme Court has found in HMRC's favour](#) in the dispute as to whether sub sale relief from Stamp Duty Land Tax ('SDLT') was available when the former Chelsea Barracks was acquired in 2008. This reverses the decision made by the Court of Appeal which determined that, although SDLT was payable, HMRC could not assess it as it had closed its enquiry into the appropriate entity. The structuring used for the acquisition had sought to avoid SDLT, originally of c£39 million, but HMRC successfully argued that, with the transactions undertaken, the SDLT due should have been £50 million.



SIMPLIFYING THE TAXATION OF SAVINGS?

The Office of Tax Simplification ('OTS') has issued a [report on how the taxation of savings income](#) might be simplified. The OTS notes that 95% of people pay no tax on their savings income due to existing reliefs and that the level of financial literacy in the UK is below the OECD average and needs improving. It recommends, inter alia: a review to simplify the interaction between tax rates, allowances and the tax calculation; improving the guidance on taxing savings income and pension withdrawals; simplifying the rules around ISAs; and reviewing the rules on partial redemption of life insurance bonds.



LAB REPORTS ON PERFORMANCE METRICS

The FRC has issued '[Performance metrics – an investor perspective](#)', a report from the Financial Reporting Lab setting out investors' views on the reporting of performance metrics. The report found that investors want companies to reconsider how they report their performance metrics. In particular, investors want companies to report in line with their strategic goals, be transparent on the calculations and provide sufficient information that enables comparison between years.

GRACE PERIOD FOR FPS EXTENDED

HMRC has extended the three-day grace period for PAYE late filing penalties until 5 April 2019. HMRC have said that they will not charge a penalty if all reported payments on the Full Payment Submission ('FPS') are within 3 days of the employees' payday. However, employers who persistently file after the payment date, but within 3 days, may be contacted or considered for a penalty. Please contact either [Katharine Arthur](#) or [Nick Bustin](#) if you require assistance with your employment taxes.

HOT TOPICS IN FINANCIAL REPORTING

The FRC has issued the [Corporate Reporting Review's current 'hot topics'](#) to which particular attention should be given. The briefing covers: IFRS 15 and the need to explain performance obligations and disclose disaggregated revenue; IFRS 9 and impairments of financial assets; IFRS 7 and the disclosures on the nature and risks of financial instruments as well as the need for clarity in the treatment of supplier financing arrangements; and impairment disclosures. The briefing also reminds readers that materiality should be determined against IFRS measures, to ensure cashflows are correctly categorised and that dividends are supported by distributable reserves.



MAKING CIS RETURN EARLY CAN RESULT IN ERRORS

HMRC has updated its guidance on claiming Construction Industry Scheme ('CIS') refunds and notes that submitting a CIS refund claim before the 5 April deadline may result in delays and/or incorrect payments being made. This is explained as being due to HMRC's records not being up to date if submitted early. Please contact [Nick Bustin](#) if you require assistance with your CIS issues.



AND FINALLY..... THE TAX GAP WIDENS

[HMRC's latest analysis of the tax gap](#), the difference between the tax HMRC thinks is due and that paid, shows a widening between 2015-16 and 2016-17 from £32 billion to £33 billion, albeit, with the growth in expected tax revenues, the percentage of the liability remained static at 5.7%. HMRC estimates that small businesses represent the largest source of loss at £13.7 billion with large businesses being next at £7 billion. Mid-sized businesses leaked £3.9 billion with individuals contributing £3.4 billion and criminal activity £5.4 billion.

ABOUT HAYSMACINTYRE

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