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Financial accountant

INSTITUTE OF FINANCIAL ACCOUNTANTS®
A MEMBER OF THE IPA GROUP

The official magazine of The Institute of Financial Accountants

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Bridging the gender gap

The important role of women in the financial sector.

Regulars

Taxation

SMEs & SMPs

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A MEMBER OF THE IPA GROUP

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Maintaining trust, still the key

Happy new year and best wishes for a healthy and prosperous 2018. It is hard to believe that three years have passed since the IFA became part of the IPA Group family. With the transition period for the integration now concluded, we can look back at what has been a considerable amount of work over the past three years. Systems and back office operations have been integrated and centralised, supporting the IFA team in its delivery of enhanced member service. This has underpinned a return to surplus for the IFA.

The brand of the IPA Group has also been strengthened with a new and vibrant logo that is used consistently across the globe. Our brand is reinforced with all that we do including representation on behalf of members and the profession in various forums around the world. This includes our full membership and participation in the International Federation of Accountants and the Confederation of Asian and Pacific Accountants.

The formation of the IPA Group as the largest small to medium-focused accounting organisation in the world has also seen significant change and growth over the past few years and other synergies have been realised. For example, our well researched and evidence-based small business white paper for Australia has paved the way for a similar publication in China and we are busily working on the second edition for Australia and a version for the UK.

The ties between the IPA and IFA are much in evidence when we discuss small business policy. Although the UK and Australia could not be further away geographically, we could not be closer when it comes to policy. The issues faced by UK members are almost identical in theme to those that we experience in Australia. From the introduction of Making Tax Digital to the breadth and base of taxation, to financial literacy, employee relations and growth of SME advice, our policy connection is clear.

I was very pleased to facilitate Small Business White Paper workshops at IFA branch meetings in London and Essex. The insights gained from hundreds of members provided great input into the second version of the White Paper that we are customising for use in the UK. This will help when lobbying for better outcomes for SMEs in general and micro-businesses in particular.

The year ahead promises to be a busy one where we will continue to promote recognition for all members within the IFA and the IPA Group.

For the Institute of Public Accountants, it is also a year of celebration as we turn 95 years of age with many activities planned throughout the year in which members may participate. This will include our National Congress to be held in Sydney from 31 October to 2 November and I would encourage all members to consider enjoying that time with us in Australia. The event coincides with the World Congress of Accountants, which is also being held in Sydney from 5 to 8 November.

Professor Andrew Conway FIPA FFA
IPA Group CEO.

I am always interested in the opinions and experiences of members, so if you have something to share, please don't hesitate to email: **johne@ifa.org.uk**

Conference and CPD news

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Institute of Financial Accountants

Happy new year. I trust that you all had a relaxing break and are looking forward to a prosperous 2018. I'd like to remind you that our new member regulations are now in operation. Do make yourself familiar with them at www.ifa.org.uk/memberregulations and refer to the articles in the November/December 2017 issue.

Before I talk about exciting IFA plans for this year, I want to reflect on the UK's first autumn Budget for 21 years and how it will affect small business. One concern was that the VAT threshold might be lowered – in effect, a tax grab from small businesses and the self-employed. However, it remained unchanged indicating, perhaps, that the concerns of small business were listened to. The other announcement was the investment of £30m in upskilling the workforce. The money will be invested in digital skills and long-distance learning. This is a good investment ensuring that younger generations have the relevant skill-sets for today's job opportunities.

At the time of writing, we are devising an exciting new CPD programme for our members, both in practice and in business, and this will start in the spring. We work hard to support our members' levels of competence and provide ways of helping them become and remain compliant. Building on our extremely popular events, we plan to offer not only face-to-face events, but also to make some topics available through technology. This will make it even easier for members to develop skills and knowledge that are timely and relevant to the profession. Together, we ensure that we are all constantly striving to raise the bar of quality in our Institute.

On 6 March, members can meet the team at Accountex Summit North in the Manchester central convention complex. This is a new event focusing on the latest developments and issues facing today's accountancy professional and follows on from the success of the Accountex exhibition in London. It's free to attend – have a look at the news section on how to register your interest.

Our conference programme is also being finalised. It will feature Making Tax Digital – a VAT update to ensure members are prepared for 2019, the latest technology trends affecting the accountancy sector, a topical tax update focused on small business and practitioners, financial wellbeing for members, their clients and employees, and an update on payroll with a focus on some topical areas.

As well as our annual conferences in London (10 May) and Birmingham (10 October), I am delighted to announce that we will be holding an additional conference in Huddersfield on 9 November. This will bring the conference experience to many more IFA members across the country. We took on members' feedback when deciding on the location – it needed to have good, easily accessible transport links and Huddersfield fitted the bill perfectly. Take advantage of early bird prices for all dates by visiting www.ifa.org.uk/events.

All in all, it's shaping up to be a good year with many new and interesting developments.

John.

John Edwards FFA FIPA
IFA CEO.

Tiny URL

The "tinyurl" web addresses at the foot of the news items and elsewhere in the magazine are short aliases for longer addresses. Simply type the tinyurl address in your web browser and press return to be taken to the relevant website for more information on the news item.

REGULATORY

GDPR telephone service

The Information Commissioner's Office (ICO) has launched a new telephone service to help small businesses prepare for the General Data Protection Regulation (GDPR), which comes into effect on 25 May 2018.

tinyurl.com/ifa-6053

Cross-border trade

The Taxation (Cross-border Trade) Bill aims to allow the UK to set and collect its own duty on goods coming into the country and will allow the government to implement different outcomes of the EU negotiations, including an implementation period.

tinyurl.com/ifa-6065

Process for "settled status"

A streamlined digital process will enable EU citizens apply for settled UK status.

tinyurl.com/ifa-6067

Heavy goods vehicle levy

The Department for Transport has launched a consultation seeking views on proposed reforms to the heavy goods vehicle road user levy.

tinyurl.com/ifa-6069

EU trade remedies

The Department for International Trade is preparing a trade remedies framework in readiness for the UK leaving the EU. It has called for evidence to identify which UK businesses produce goods currently subject to anti-dumping or anti-subsidy measures, or to an on-going investigation related to these.

tinyurl.com/ifa-6063

New guidance on labelling

A third of food waste is attributed to shoppers' interpretation of existing date labels. New labelling guidance for food manufacturers, retailers and brands is intended to give shoppers more consistent storage and date label advice.

tinyurl.com/ifa-6061

BUSINESS

Consumer redress in housing

Consumer redress across the housing sector is to be improved. Currently there are four government-approved providers covering some aspects of home buying and renting, but not all. Further, ombudsman schemes are compulsory for some but not others.

tinyurl.com/ifa-6078

Trademarks

Marques, the organisation that represents trademark owners, has published its Brexit position paper. It suggests businesses need certainty that there will be no loss of existing proprietary intellectual property (IP) rights or reduction in the level of IP protection post-Brexit. Nor should businesses have to incur material costs to maintain existing rights or administrative burdens to retain them.

tinyurl.com/ifa-6076

IFA logo

Are you using the right logo?

It's now more than six months since we introduced our new logo and if you haven't updated your website and stationery now is the time to do so. Using the correct logo promotes public recognition of our membership of a professional organisation.

The new logos and guidance on how to use them can be found by logging on and visiting www.ifa.org.uk/members/memberlogos

Domain name protection

A European Commission factsheet gives SMEs advice on choosing appropriate domain names and protecting themselves against online infringers selling counterfeit products or committing fraud. There is guidance on the ownership and registration of domain names, the relationship with trademarks and the dispute resolution mechanisms available to SMEs wanting to protect their online businesses.

tinyurl.com/ifa-6054

Payment disputes

The complaint handling service of the Small Business Commissioner seeks to ensure fair payment practices for small businesses. Complaints usually need to relate to a payment due in the past 12 months and for which attempts have already been made to resolve the issue.

tinyurl.com/ifa-6056

PENSIONS

Employee pensions

Proposals by the Department for Work and Pensions will allow participating employers to enrol employees in the NEST pension scheme; confirm that individuals may join NEST as part of a "bulk transfer with consent"; allow the NEST Corporation to close members' pension accounts with zero funds under certain conditions; and require the corporation to carry out research with scheme members and participating employers and their representatives, in connection with the operation, development or amendment of the scheme.

tinyurl.com/ifa-6058

New strategic partner – Mann Island

The IFA is delighted to announce that Mann Island has recently become a strategic partner. Mann Island is a specialist provider of vehicle finance, finding solutions for customers who want to buy, lease or rent vehicles. The business was established in 1991, is headquartered in Liverpool and works with more than 3,000 UK dealers.

The IFA looks forward to building a mutually beneficial long-term relationship with Mann Island, which will soon be featured on the member-only benefits section of the Institute's website. The firm will also be engaging with members through branch meetings, this year's conferences in London, Birmingham and Huddersfield and other engagement channels.

MannIsland
Fuelling Finance

EMPLOYMENT

Unpaid internships

The Social Mobility Commission report (tinyurl.com/y8bdoomy) found that a majority of people were in favour of a ban on unpaid internships and work experience that lasts more than four weeks. At the same time, a private members' bill – The Unpaid Work Experience (Prohibition) Bill proposes such a ban.

tinyurl.com/ifa-6085

Holiday pay claims

In *King v The Sash Window Workshop* (C-214/16, ECJ judgment), the European Court of Justice held that an employer must "bear the consequences" if a worker is refused paid annual holiday. This could mean the employer having to pay basic holiday entitlement under the Working Time Directive.

tinyurl.com/ifa-6089

Statutory pay rates

A Department for Work and Pensions policy paper proposes that, from April 2018, the rates for statutory maternity pay, statutory paternity pay, statutory adoption pay and statutory shared parental pay will all increase from £140.98 to £145.18 a week.

The rate for maternity allowance will also increase from £140.98 to £145.18 a week and the rate for statutory sick pay will increase from £89.35 to £92.05 a week.

tinyurl.com/ifa-6074

Support for disabled people

The government's new policy paper, *Improving lives: the future of work, health and disability*, sets out how it will work with employers and others to remove employment barriers for disabled people and people with health conditions.

Changes to the Fit for Work service were also announced.

tinyurl.com/ifa-6087

Bereavement

New laws will give employed parents two weeks' paid leave if they lose a child under 18. Businesses will be able to claim back parental bereavement pay from the government.

tinyurl.com/ifa-6197

High-quality apprenticeships

The Institute for Apprenticeships has published a quality statement which sets out standards of what makes a "high-quality apprenticeship".

tinyurl.com/ifa-6064

Conduct to cover diversity

The standard voluntary code of conduct for executive search firms (code of conduct) has been updated to broaden its focus to cover both gender and ethnic diversity.

The code of conduct also includes a new recommendation for firms to develop targets for enhancing diversity in senior executive roles.

tinyurl.com/ifa-6033

Our new address

The new address of the IFA is:
Office CS111, Clerkenwell Workshops,
27–31 Clerkenwell Close, Farringdon,
London EC1R 0AT
T: +44 (0)20 3567 5999

Gender pay gap

A report by the Office for National Statistics shows that, on average, London has the biggest pay gap between male and female full-time workers in the UK, having had the narrowest gap in 1997. In the intervening period, other UK regions have seen more improvements in pay equality.

tinyurl.com/ifa-6083

Tribunal fee refunds

Following the Supreme Court ruling that Employment Tribunal fees were unlawful, eligible applicants can now apply for a refund of fees paid between 29 July 2013 to 26 July 2017.

tinyurl.com/ifa-6012

Discrimination at work

Acas, the workplace conciliation service, has issued guidance to help tackle pregnancy and maternity discrimination. It includes information on promotion opportunities while on maternity leave and pregnancy-related absences.

Failure to follow the Acas guidance could mean that the employer is taken to a tribunal.

tinyurl.com/ifa-6042

Accountancy exhibitions

Accountex Summit North
6 March 2018

This new one-day conference and exhibition dedicated to the accounting profession takes place at Manchester Central on 6 March 2018. It will fill a significant gap – and a real need – for a dynamic regional event for the tens of thousands of accountants who are based across the Midlands, North of England and Wales, Scotland and Republic of Ireland.

A free delegate place includes:

- Keynote speaker programme featuring high-profile speakers, offering the latest industry insights.
- 100 top suppliers in networking and break-out area.
- Three dedicated break-out theatres and eight hours of CPD accreditation.
- Complementary refreshments – all refreshments and a light lunch will be included free of charge.

Visit www.accountexsummitnorth.co.uk for more information or to apply for your place. Come and say hello to us on pod 29.

Accountex
23 to 24 May 2018

The UK'S leading exhibition and conference for accountants is on 23 and 24 May 2018 at ExCeL, London. Combining a world-class conference and exhibition, a visit to Accountex will leave you up to date with all the latest knowledge and information about industry products and trends.

- Get advice and inspiration from more than 180 free-to-attend seminars.
- Meet suppliers who are helping to change the future of your industry.
- Discover 100's of new cutting-edge products, services and solutions.
- Connect and network with more than 7,000 accountancy professionals.
- Gain eight CPD hours.

Make sure you come and say hello when you visit us on stand 373.

Accountex is free to attend.
Register your interest at: www.accountex.co.uk/register-your-interest/

ACCOUNTEX
NATIONAL ACCOUNTANCY EXHIBITION & CONFERENCE 2018
23-24 MAY 2018 ExCeL | LONDON

London office space for hire

The IFA meeting room is available for hire
Seating 25 in training layout or 12 in boardroom style, the meeting room is located in our new offices in the heart of Clerkenwell. Farringdon station is a five-minute walk away.
Facilities included in the hire charge: 50" LED screen/AV, wi-fi, projector.
Optional extras: Coffee/tea, catering, flip chart, printing

	Hours	*Member*	*Non-member*
Full day	9am – 5pm	£250 + VAT	£300 + VAT
Half day	3 hours	£175 + VAT	£200 + VAT
Per hour	1 hour	£45 + VAT	£50 + VAT

Please contact Jolene van Wyk at jolenevw@ifa.org.uk or +44 (0)20 3567 5999 for all availability and bookings.

Misleading dismissal

In *Rawlinson v Brightside Group*, the Employment Appeals Tribunal held that if an employer gave a misleading reason for dismissal this might breach trust and confidence. The employer had lied about the reason for a dismissal and therefore breached the implied term of trust and confidence. This meant that the employee could a claim of breach of contract when he chose to resign.

tinyurl.com/ifa-6075

Workplace sexual harassment

Acas has published advice for employees on behaviour that could be considered to be sexual harassment and how to this should be reported. There is also guidance on how organisations can advise workers on acceptable behaviour and managing complaints.

tinyurl.com/ifa-6048

Gig economy cases

An application for recognition for collective bargaining for Deliveroo riders has failed because the riders are not workers under the Trade Union and Labour Relations (Consolidation) Act 1992, s 296 according to the Central Arbitration Committee. The decisive factor was that riders' contracts allowed a genuine right to appoint a substitute. Thus, there was no requirement for personal service – a necessary element in the definition of "worker" under s 296. Conversely, in *Uber v Aslam, Farrar and Others* the Employment Appeals Tribunal confirmed a previous ruling that Uber drivers are workers. They were part of Uber's business rather than being in an agency relationship.

tinyurl.com/ifa-6014

Unfair redundancies

Following research from the Equality and Human Rights Commission which found the rate of pregnancy and maternity-related discrimination is high, Maternity Action has reported on women's experiences. This found issues with the current legal framework around unfair redundancies. It believes the government should help to improve the situation.

tinyurl.com/ifa-6016

TAXATION

Tax deductible fees

HMRC has updated its list of professional bodies and learned societies with tax-deductible fees.

tinyurl.com/ifa-6030

Doctor's expenses

HMRC has published *Doctors' expenses: HS231 Self Assessment helpsheet.* This provides information to assist with the preparation of tax returns for doctors and medical practitioners involved in a partnership.

tinyurl.com/ifa-6035

Activate your AMLCC account

The IFA supervision fee includes the AMLCC suite of anti-money laundering compliance tools and this is free for members and up to three employees. To start, remember to activate your account. Log on to find out how to do this at: www.ifa.org.uk/amlcc.

Scottish tax

The Scottish government has announced that the personal allowance for 2018/19 will be £11,850 and the new income tax rates from April 2018 will be as follows:

- 19% from £11,850 to £13,850 (the starter rate).
- 20% from £13,850 to £24,000 (the basic rate).
- 21% from £24,000 to £44,273 (the intermediate rate).
- 41% from £44,273 to £150,000 (the higher rate).
- 46% on earnings in excess of £150,000 (top rate).

tinyurl.com/ifa-6018

Professional standards

The *Professional Conduct in Relation to Taxation* guidance is set by the largest professional bodies, but HMRC has also updated its own standard for agents. This ensures a minimum standard for all agents.

tinyurl.com/ifa-6052

Tax avoidance

Information on the serial tax avoidance regime has been updated by HMRC. This can affect those involved in schemes that:

- have been counteracted under the general anti-abuse rule (GAAR);
- have received a follower notice;
- fall under the disclosure of tax avoidance schemes (DOTAS) rules; and
- are notified or notifiable under the VAT avoidance disclosure regime rules.

Those who used one of these schemes defeated after 5 April 2017 and who have not fully disclosed may receive a warning notice and have to send extra information to HMRC.

tinyurl.com/ifa-6090

CIS compliance

HMRC has updated its factsheet on Construction Industry Scheme compliance checks and the penalties that can apply if monthly returns are not filed on time.

tinyurl.com/ifa-6092

Online VAT fraud

Noting that businesses and taxpayers are being hit by unfair and illegal tax practices and overseas marketplaces are profiting from fraudsters, the Public Accounts Committee has recommended that HMRC do more to combat VAT fraud.

tinyurl.com/ifa-6094

COMPLIANCE & MEMBERSHIP EXECUTIVE

We are pleased to welcome Bill Bewes to the IFA team as Compliance & Membership Executive. Bill comes to the IFA after 13 years working for the British Ecological Society. He has worked in membership services for more than 20 years, mostly in the charity sector. He will be dividing his time between the Membership and Compliance teams within the IFA.

Outside of work, Bill is keen yoga practitioner and hopefully this will stand him in good stead during the busy renewal period!

Agent Update 62

The top articles listed in HMRC's *Agent Update 62* relate to:

- the forthcoming end of the worldwide disclosure facility;
- corporation tax online filing;
- HMRC no longer accepting payments from personal credit cards;
- a dedicated tax support service for growing mid-sized businesses; and
- the simple assessment system.

tinyurl.com/ifa-6072

Agent Update 63

The top articles listed in HMRC's *Agent Update 63* relate to:

- the Autumn Budget, with links to key announcements from the Chancellor's Budget speech;
- the Fulfilment House Due Diligence Scheme and online applications; and
- the 2018-19 annual tax on enveloped dwellings (ATED) online return.

tinyurl.com/ifa-6020

Employer Bulletin 69

HMRC's *Employer Bulletin 69* has news on payroll topics including:

- Budget announcements;
- Finance Bill 2017;
- the Apprenticeship Service;
- Company Car Online;
- taxing flexible benefit packages; and
- repayments by BACS.

tinyurl.com/ifa-6096

Online meetings

HMRC offers help to agents with online meetings on various technical and administrative aspects of the tax system. Interactive online meetings, known as talking points, can last up to an hour. To attend an upcoming online meeting it is necessary to register and sign in at least five minutes before it starts. Questions can be asked using an on-screen text box.

tinyurl.com/ifa-6070

IFA students

Institute exams

The deadlines for enrolment in the June 2018 IFA exams are:

- International: 19 April 2018
- UK: 10 May 2018

We strongly recommend that places are registered well in advance as the exam centres can book out very quickly. For more information visit: www.ifa.org.uk/learning

Self-assessment update

The second *Agent Update Self Assessment Special* gathers HMRC's products for tax agents to help with preparations for the 31 January filing date. It has advice on new YouTube videos, agent toolkits, Talking Points meetings, and the Agent Account Managers Service.

tinyurl.com/ifa-6081

Trust registration

If a client has a trust with a new tax liability this must be registered by 5 October of the tax year after either: the trust has been set up; or when it starts to make income or chargeable gains, if this is later.

Details of the registration information required is on HMRC's website.

tinyurl.com/ifa-6098

Your IFA benefits

Take advantage of a range of benefits that we have negotiated for you.

Finance

- Alternative finance: Merchant Money Ltd
- Borrowing and lending: Quidcycle
- Foreign exchange: UKForex

Insurance

- Professional indemnity insurance: A J Gallagher
- Private medical insurance: HMCA
- Tax fee protection: Qdos Vantage
- Cyber insurance: Hiscox

Learning

- Online CPD: Nelson Croom
- Top up degree: Northampton Business School
- Training and support: Mercia

Legal

- Legal support: RadcliffesLeBrasseur
- Online legal documents: Net Lawman

Lifestyle

- Parliament Hill

Support

- Anti-money laundering: AMLCC
- Auto enrolment: Intrinsic
- Business support: The CV Interviews Advisors
- Career management: GaapWeb
- Ethics: Institute of Business Ethics
- Events: Brain Exchange
- Insolvency information portal: FA Simms
- Intellectual property: Intellectual Property Office
- Microsoft Office training: Excel with Business
- Mobile communications: Voice Mobile
- Practice advisory services: David Verney Associates
- Secure email: FRAMA UK Limited

Tax

- Capital allowances: Veritas Advisory
- R&D tax relief: Catax
- Tax portal: Gabelle

Technology

- Expense tracking app: 1Tap Receipts
- Office 365: Microsoft
- Online accounting software: Capium, Clear Books, Intuit and Reckon Software Ltd
- Online business tax software: GoSimple Software Limited
- Online personal tax software: GoSimple Software Limited

Log on to www.ifa.org.uk/benefits to see the quality products and services available to Institute members.

A boost to business

Nigel Holmes explains why advisers can help to propel small businesses forward with the financial benefits of research and development tax relief.

Nigel Holmes FCA CTA
is a senior R&D tax consultant at Catax and a nominee for Tax Writer of the Year in Tolley's Taxation Awards 2017.
T: 0300 303 1903
Visit: www.catax.com

TEN SECOND SUMMARY

1. **Research and development tax relief is designed to encourage UK companies to innovate.**
2. **The scheme for small and medium-sized enterprises provides an enhanced deduction against profits.**
3. **The benefits of research and development relief can be reduced if state aid funding is received.**

As Brexit approaches, Britain must remain innovative and competitive to succeed in the global marketplace. Regardless of this, the ability to claim research and development (R&D) tax relief should not be up for debate.

For many, tax is a topic that conjures up mixed feelings and varied thoughts such as avoidance schemes and big companies not paying enough tax. Tax avoidance is thought or believed to be immoral, or at least that is the way it's viewed today. Tax evasion was and is illegal and those involved deserve punishment. However, when I first started specialising in tax, the term tax avoidance wasn't seen in such a bad light. People and companies would enter schemes and transactions to lower their tax bills and, as a result, tax legislation simply could not keep up. Times and views change.

Changing times

Over time, measures have been taken to ensure it is no longer worth attempting tax avoidance. Further, press coverage and the "naming and shaming" of sports people and celebrities undertaking such practices has brought the matter into the public eye. During the financial crisis, these actions were not viewed positively.

But what about tax planning? Where does legitimate tax mitigation move into tax avoidance? This is subjective, but those who think all tax planning should be viewed in the same way as avoidance have misunderstood the purpose of the tax legislation. Every person and company is entitled to take commercially acceptable planning steps to lower their tax bills. Those who remain to be convinced should remember that putting savings into an ISA, making a pension contribution, or transferring an unused personal allowance to their spouse is tax planning.

R&D relief is also tax planning – it is there, in black and white, in CTA 2009. It is designed to encourage UK companies to innovate which is encouraging for the UK in the global marketplace.

The relief for SMEs

So, who and what qualifies for R&D relief? When the scheme for small and medium-sized enterprises (SMEs) was introduced in April 2000, companies carrying out eligible R&D work could claim an enhanced deduction against their profits for specific expenditure


© IStockphoto/Cecilie_Arcurs

– mainly consumable items, staff costs and subcontracted services. Since then the relief has been amended many times, mostly to increase the amount that can be claimed and to simplify the process. The enhancement rate is now 130%: in other words, £100,000 of qualifying R&D spend, attracts a further £130,000 deduction against profits.

This scheme allows tax liabilities to be substantially reduced – creating large tax repayments where the tax has already been paid – and a claim can be made for the previous two accounting periods. Where a loss is created or increased, it can be surrendered in return for a 14.5% cash repayment, even if the company has never paid any tax to HMRC.

Many companies may wrongly believe they are not undertaking R&D. The relief is not just for "men in white coats" – think engineering, electronics, IT and manufacturing. Think process, not just product. Think small – a large project may have just a small (but costly) R&D element to it.

Clients may simply not be aware of R&D relief; HMRC does try to engage with companies, but it is down to tax advisers to push it. There are many ways to obtain advice in this area; whether through larger accountancy practices or specialist firms. Many accountants will feel uncomfortable passing R&D tax work to larger firms because they may fear losing work. Specialists work alongside the accountant, complimenting the existing service a company is receiving.

The Brexit effect

What is likely to happen following Brexit? There will be changes to the way R&D is carried out, but for now things remain the same.

The SME scheme falls within the definition of EU state aid. Whether we have a soft, hard or "somewhere in-between" Brexit, at some point R&D tax relief will no longer be defined as such. However, I am sure it will be here to stay in some form to keep the UK competitive for innovation. Under the current rules, and in simple terms, state aid cannot be received for the same matter twice. Thus, if an SME has received some form of grant or subsidy towards R&D, it cannot have the SME tax relief too. To the untrained eye, it would appear that all is lost from a tax perspective. But think again.

HMRC has acknowledged that there is an issue and introduced legislation (CTA 2009, s 104A(b)) so that an SME in receipt of state aid could claim R&D tax relief under the (less generous) large company scheme. However, there was one major difference between the schemes: the one for large companies did not offer a tax credit for losses. Hence SMEs with state funding could not surrender any tax losses for cash.

This was solved when the large company scheme was replaced by the R & D expenditure credit (RDEC) in 2013. Now, repayable credits are available to companies claiming under the large scheme either due to funding or size. RDEC is worth about 9% of the qualifying spend. In the November 2017 Budget, the Chancellor increased the credit percentage from 11% to 12% for expenditure on or after 1 January 2018. The net effect is, therefore, worth nearly 10% of the qualifying spend.

A trap to avoid

Let's take the example of a company that has spent £100,000 on qualifying R&D and received 50% EU state aid funding. The cost to the company, after the additional RDEC tax relief available, would be around £40,000.

If the amount of funding is small, many companies may have made their financial position worse by opting for the funding rather than the tax relief.

Unfortunately, many companies claim grants only to become aware of the R&D tax relief much later, by which time advice is too late. By grant providers and R&D advisers working more closely together, at the outset, the client can receive the best all-round funding advice.

Conclusion

Having spoken to clients who have benefited from this tax relief we are pleased to learn that most reinvest the financial benefit back into more R&D. Therefore, despite concerns from some quarters, the tax relief system is generating more R&D and is not merely a way to reduce the company's tax liability to enable it to pay more dividends to the shareholders.

FURTHER INFORMATION

As a strategic partner to the IFA, Catax are market leaders and specialists in R&D tax credits, having delivered more than £150m of tax relief for clients to date. The firm offers guidance and support surrounding the intricacies of R&D tax relief. Not only that, their 100 employees work with accountants to help identify eligible clients or qualifying activity to maximise claims when possible. With their largest initial refund of more than £750,000 and an average client benefit of £43,000, Catax do all the hard work, leaving accountants free to provide more advice.
T: 0300 303 1903
Visit: www.catax.com

Time running out

Steve Kesby reminds small businesses operating through companies that disincorporation relief is due to end in March 2018.

TEN SECOND SUMMARY

1. **The five-year period for which disincorporation relief applies will end on 31 March 2018.**
2. **The corporate business must be transferred as a going concern and all assets, except for cash, must be transferred.**
3. **With its demise imminent, a review is merited to identify whether any clients might benefit from disincorporation relief.**

In recent years, it has become somewhat less advantageous for small businesses to operate through the medium of a company. However, once a business is incorporated several tax charges arise if the business is transferred out of the company to its individual shareholders.

Disincorporation relief was introduced by Finance Act 2013, to mitigate some of these tax charges. It was originally brought in for a five-year period beginning with transfers on or after 1 April 2013. It will, therefore, cease to apply for transfers after 31 March 2018, but the Chartered Institute of Taxation (CIOT) has put forward a case to the Treasury for its retention and modification. These few months to March 2018 are therefore a sensible juncture for a review to see whether it might be useful to any clients.

The relief is available when a company transfers its business to some or all of its shareholders and various qualifying criteria are met. If it applies, it prevents the company having chargeable gains or taxable credits under the corporate intangibles regime on specific "qualifying assets".

Qualifying criteria and qualifying assets

Qualifying assets, for the purposes of the relief, means goodwill (whether within the corporate intangibles or chargeable gains regimes) and interests in land other than that held as trading stock.

For the relief to be available, it must be claimed and the total value of the company's qualifying assets immediately before transfer must not exceed £100,000. This low threshold may explain why the CIOT's recent submission on the relief, noted that there had been fewer than 50 claimants so far.

Further, the business must be transferred as a going concern and all its assets must be transferred, with cash being a permitted exception.

It is also a requirement that all shareholders to whom the business is transferred must be individuals, and each must have held their shares in the company for at least 12 months at the date of transfer.

In relation to this final point, the relief will apply if the business is transferred to a partnership comprising some or all of the company's eligible shareholders, but not if the transfer is to a limited liability partnership (which is strictly a body corporate) of which they are members. A transfer

to a partnership followed by a transfer to a limited liability partnership would, however, secure the relief as long as the partnership carries on the business between the two transfers, so that the going concern condition is met.

Claim requirements

As noted above, incorporation relief must be claimed within two years from the date of transfer. The claim must be made jointly by the company and all the individual shareholders to whom the business is transferred. The claim is irrevocable once made.

The corporate intangibles regime

Goodwill will fall within the corporate intangibles regime if it was acquired or created on or after 1 April 2002. If goodwill was acquired by a company on or after that date, but the business concerned was carried on by a related party before then, it will fall outside the intangibles regime, and the chargeable gains regime (considered below) will apply.

Without disincorporation relief, if goodwill within the intangibles regime is transferred to a company's shareholders, the related party rules dictate that this would be deemed to be transferred for a market value consideration. However, if the relief applies, the transfer is deemed to be made at a consideration that will not give rise to a taxable credit for the company. There are essentially two possibilities.

The first is that the goodwill is not included in the company's balance sheet (as would be the case for goodwill created by the company), where the deemed consideration is then nil.

For capital gains tax purposes, the individual shareholders then take the goodwill over with no base cost.

Alternatively, if the goodwill is included in the company's balance sheet, the deemed consideration is the lower of its tax written down value and its market value; the tax written down value usually being its cost, less any tax deductible debits that may have been given in the past.

In this respect, remember that the amounts of any deductible debits (other than on realisation of an asset) under the intangibles regime are restricted in relation to transfers on or after 3 December 2014 and are eliminated in relation to transfers on or after 8 July 2015.

For capital gains tax purposes, the individual shareholders then acquire the goodwill with a base cost equal to their proportion of this deemed consideration.

If this deemed consideration produces a realisation debit, some or all of it may be treated as a non-trade debit under the changes that apply in relation to goodwill originally acquired from related parties on or after 3 December 2015, and all goodwill acquisitions made on or after 8 July 2015.

These provisions do, however, ensure that a taxable credit does not arise on the transfer.

The chargeable gains regime

Interests in land and goodwill acquired or created – whether by the company or a related party – before 1 April 2002 fall within the chargeable gains regime. Again, there is a general rule that transfers of chargeable assets between connected parties are deemed to have been transferred for a market value consideration. Disincorporation relief then operates to override this general rule, and deem the assets to have been transferred for an amount that is the lower of the asset's market value and the company's base cost of it for chargeable gains purposes. The individuals take over their proportion of the asset with their share of this deemed transfer consideration.

Again, this prevents a chargeable gain from accruing to the company, but allows it to claim any loss that may have arisen (which it may or may not be able to use).

When the relief does not apply

The relief only eliminates chargeable gains or taxable credits under the intangibles regime in relation to qualifying assets. If there are chargeable assets other than goodwill and interests in land, any gains will be taxable on the company. Equally, if there are intangible assets other than goodwill within the intangibles regime, the company may have taxable credits.

For transfers of plant and machinery, trading stock or work in progress, there are provisions that can apply to prevent profits being realised, but nowhere is there any relief for the tax charges that might arise on the shareholders.

Where assets pass out of the company and there is no consideration or this falls short of market value for the assets, there is a distribution of the company's assets as a matter of company law.

As a result of the "anti-phoenixing" targeted anti-avoidance rule (TAAR) introduced in FA 2016, any such distribution, whether or not on a winding-up, will be taxable as dividend income, with one particular and very limited exception.

Only a distribution that is made in anticipation of the dissolution of a company, and where all such distributions do not exceed £25,000, will be taxable as a capital disposal, potentially attracting entrepreneurs' relief, such that it is taxed at only 10%.

Otherwise these distributions will be taxable at the individuals' marginal rates for dividend income, subject to the effect of the dividend nil-rate band.

Conclusions

With the effect of the new TAAR and the limited application of the disincorporation relief it is perhaps unsurprising that there have been a limited number of claimants. Nonetheless, with its demise potentially imminent a review is merited to identify whether any clients might benefit from its application.

Such a review will need to be completed in good time so that any transfers can be made before the window closes on 31 March 2018.

Steve Kesby FCA CTA AIIT is a Tax Advisory Manager with EA Chartered Accountants in North London, providing advisory services to both business and private clients, as well as to other accounting practices.

Having qualified as a chartered accountant in audit roles, following a period focusing on personal taxation, Steve went on to specialise in corporate tax and owner-managed businesses, qualifying as a chartered tax adviser through the corporate tax route. Subsequent diversification of his experience also resulted in his qualifying with the Institute of Indirect Taxation.

Steve's current role concentrates on non-domiciles, non-residents and corporate reconstructions, but his diverse experience and skill set means he can advise on a wide range of tax matters. He is also a regular contributor to the Readers' Forum in *Taxation* magazine and to AccountingWeb.co.uk.
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Digital revolution

Vee Babla explains that increased investment in data gathering and retrieval has allowed HMRC to target its troops and resources more effectively in its battle against tax avoidance and evasion.

Vee Babla is Sales Director at Qdos Vantage. With more than 14 years' continuous service in fee protection. Vee is always keen to add value for IFA accountants offering new ideas to help with future growth.

TEN SECOND SUMMARY

1. **Increased investment in digital tools means that HMRC has become more sophisticated in its approach to tax investigations.**
2. **The department's Connect analytical software system compares tax returns with an enormous amount of data.**
3. **More efficient operation by HMRC officers means that in-depth enquiries become protracted, time consuming and costly.**

Some of us remember when HMRC would start a tax investigation by agreeing a date and time for the visit and then arriving with a blank questionnaire. The department's officers would interview the main directors and shareholders and review a sample of the business records in an attempt to find any potential errors.

The investigations were usually full enquiries and were based often on a reduction in turnover or a sudden rise in expenses. With the change to self assessment in the mid-1990s, HMRC knew it would only have "one bite of the cherry" so full rather than smaller aspect enquiries were often the standard approach.

The Revenue often adopted a "trial and error" approach, targeting businesses arbitrarily and many enquiries were completed as "satisfactory" with no additional liabilities.

A different approach

In recent years, HMRC has undoubtedly become far more sophisticated in its approach, a change that has been spearheaded by an investment of £1.3bn in digital tools. Indeed, the change has been so marked that referring to HMRC's "digital revolution" is in no way an understatement.

Taxpayers have seen directly some of the output from HMRC's digital revolution, in particular through the introduction of real time information (RTI) reporting of PAYE. However, behind the scenes enormous progress has been made on the digital tools that have helped the department become far more effective and targeted in respect of compliance activity.

Becoming connected

In 2009, HMRC introduced Connect, a state of the art analytical software system that the department uses to determine which taxpayers should be subject to an enquiry. The Connect system quickly compares the information declared on tax returns against this enormous data warehouse and determines whether an enquiry is appropriate.

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Certainly, at Qdos Vantage we have seen the impact of Connect. In recent years there has been a significant increase in the number of enquiries undertaken by HMRC. These enquiries have tended to be far more targeted at a particular transaction or specific area identified by HMRC software as a potential gap. While this approach is undoubtedly effective, the reduction in human input and the reliance purely on software means that there is often a perfectly innocent explanation for the apparent gap. Despite this, accountancy fees are still incurred defending the position and can often equal or exceed the tax at stake. Alternatively, Revenue enquiries that begin with a narrow focus can often advance into other areas.

A protracted process

With HMRC compliance officers working more efficiently and having more time, in-depth enquiries often become even more protracted, time-consuming and costly to deal with. Further, compliance activity around PAYE and VAT still accounts for a large proportion of HMRC activity, with no specific reason being required to undertake a compliance review in this respect. The approach here has not evolved too far beyond the original method of an HMRC visit, often followed by a written request for clarification on certain points. This can result in an assessment for additional tax due, which is often disputed by the taxpayer's accountant.

Continuing investment

This reliance on technology is set to continue, with billions of pounds worth of investment currently being poured into HMRC's Enterprise Data Hub. This single solution will bring all data into one usable place compared to the present situation where HMRC data is held in 11 separate data warehouses.

Although this new conjoined approach will undoubtedly bring benefits in terms of the service we receive as taxpayers, it will also allow HMRC to interrogate data even more effectively and target more enquiries.

It is clear that HMRC is starting more tax investigations and taxpayers' fees for this work are increasing because the department has more potential avenues of enquiry. This use of multiple data sources can highlight possible discrepancies even before the enquiry has started. On many occasions, accountants' have not been supplied with this information (by their client) and discrepancies are only discovered during the enquiry itself.

Valuable insurance

Against this back drop of enquiries and associated expenditure, the value of having tax fee protection insurance has never been greater. For a relatively low cost, this provides peace of mind against an increasingly sophisticated risk.

FURTHER INFORMATION

Qdos Vantage Tax Fee Protection Insurance protects against accountancy fees incurred dealing with an HMRC enquiry. It also covers fees incurred dealing with PAYE or VAT compliance visits and any subsequent dispute.

Qdos Vantage is a specialist fee protection insurance provider and is staffed by experts who have many years of experience working either for Qdos or across the industry. Together we have pooled our knowledge to provide a product and service that contains the best bits from across the industry, along with some of our own unique and proven innovative solutions. Our approach is to simplify the delivery of cover, the provision of support and the handling of claims. Our unique and innovative online tools ease the administration of the scheme.
T: 0116 274 9123
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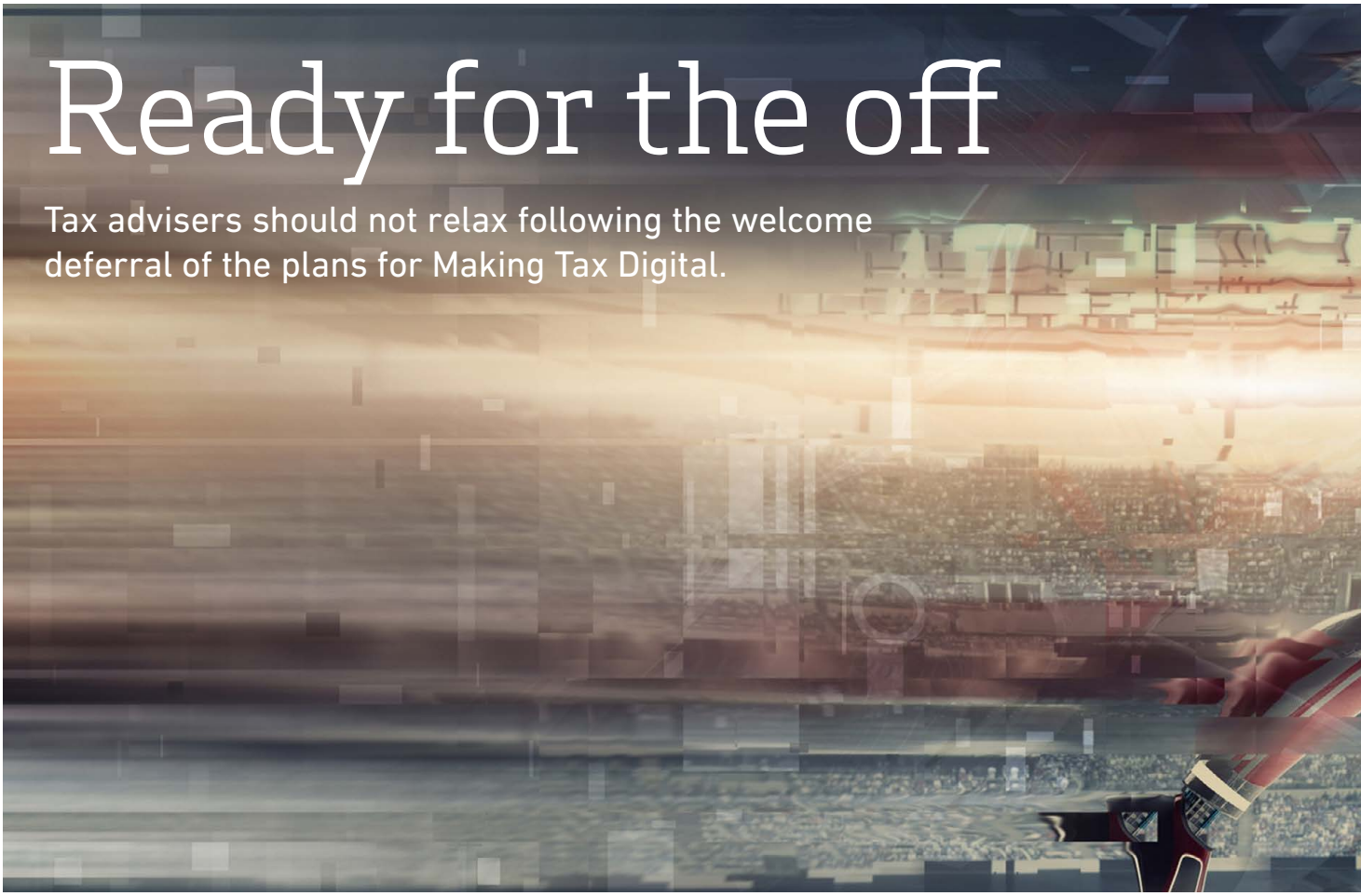
Ready for the off

Tax advisers should not relax following the welcome deferral of the plans for Making Tax Digital.



TEN SECOND SUMMARY

1. **HMRC sees Making Tax Digital as a route to becoming one of the world's most digitally advanced tax administrations.**
2. **The revised timeline for Making Tax Digital – when will clients be affected?**
3. **Making Tax Digital will mean significant changes to the tax agent-client relationship.**

Making Tax Digital (MTD) is part of the government's plan to make it easier for businesses to stay on top of their day-to-day accounts. HMRC wants to be one of the most digitally advanced tax administrations in the world – improving efficiency, effectiveness and ease of compliance. The plans signal the end of paper accounting for millions of UK taxpayers.

From April 2019, legislation will require businesses above the VAT threshold to set up a digital tax account and file quarterly returns online. Mandatory MTD reporting for income tax has been delayed, but it has not gone away. HMRC still expects MTD for income tax to become compulsory, but not before 2020. When and how MTD will be implemented for corporation tax, particularly for the largest and most complex businesses, is still a matter for discussion and consultation, but these businesses will need to be ready for MTD for VAT in 2019.

The proposed schedule is summarised in the ***MTD Timeline*** table.

Relationship changes

MTD is likely to result in significant changes to the tax agent-client relationship and now is a good time to prepare for the changes ahead. The guidance below provides information and suggestions about preparing clients and accountancy practices for MTD.

1. *Discuss MTD with clients now.* Make clients aware of what MTD is, what it means for them and how it will affect the adviser/client relationship as part of annual or regular reviews with them.
2. *Draw up a plan for clients.* Digitisation of tax records will become compulsory for all businesses by 2020 and beyond. As noted above, HMRC are staggering the roll out of MTD based on the type of business that clients operate. Prioritise those who are affected first by drawing up a plan that includes the following matters.

- The MTD compliance dates, which clients will be affected and when.

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FURTHER INFORMATION

Further resources for tax agents on MTD are available at: tinyurl.com/y8hy5n2f

- Clients' accounting periods and VAT quarters so that obligations are aligned with quarterly updates to HMRC, rather than having obligations falling in different months.
- Segmentation of clients by type of business and sources of income.
- Banking arrangements of clients and whether or not bank feeds can be used.
- Digital ability of clients and whether they keep records digitally.

3. *Draw up a plans for the accountancy practice.* MTD will affect not only its clients, but also the accountancy practice itself as well as the relationship with clients. As part of MTD, accountants and tax advisers may also want to consider the following aspects.

- Reviewing the various professional services that they provide to clients and reviewing the responsibilities of themselves and their clients.
- Reviewing fees especially if support is required by clients to help them in their MTD journey.
- Reviewing staffing resources because the firm may need to provide more data entry and bookkeeping services.
- Providing training and support to clients to encourage them to adopt good habits regarding the digitalisation of records and book keeping.
- Reviewing accountancy and tax software of the practice to ensure that it is MTD compatible and whether these systems link to the software used by clients.
- Reviewing professional engagement letters.

Conclusion

The key message is that accountants should not bury their heads in the sand. Despite delays, MTD is here to stay.

MTD timeline

	April 2016	April 2017	April 2018	April 2019	April 2020
Income tax	May 2016: Private beta launched	Control go live launched	From autumn 2017: public beta/ongoing pilot		Potential mandating for some/all of income tax
VAT		Until autumn 2017: design, policy, legistation	Spring 2018: public beta	Service goes live (for those above the VAT threshold)	Potential mandation (for those above the VAT threshold)
Corporation tax	Timings for corporation tax to be confirmed				Potential mandation for corporation tax

Bridging the gender gap

More women are playing important roles in finance. *Jenny Batchelor* and *Rachel Engwell* provide their thoughts on this changing landscape and its challenges.

Jenny Batchelor heads up the Bristol team in Grant Thornton. She has been advising businesses for 20 years, 11 of which have been with Grant Thornton. During that time Jenny has helped dynamic businesses, across all sectors, to find the most tax-efficient solutions to commercially driven challenges and changes. Jenny loves to help her clients navigate the tax complexities as they grow including working with them on AIM listings, restructuring and acquisitions. She has also spent time working in-house as head of UK tax and therefore understands why pragmatic and practical advice is important to her clients.

TEN SECOND SUMMARY

1. **Businesses must take steps to ensure that they are retaining and promoting talented women in their organisation.**
2. **Many women may be willing to give up time and share experiences to coach and mentor their colleagues.**
3. **Poor or ineffective management can result in women accepting that they are unlikely to progress beyond a specific grade.**

The accountancy profession has seen great improvement in diversity within its ranks. Many of these improvements stem from increasing the number of trainee and junior appointments. But there needs to be action at the most senior levels to complement such action. Grant Thornton UK LLP is the first major UK professional services firm to be headed by a female chief executive officer and has taken considerable steps to encourage greater diversity throughout the firm. These changes have been reflected in the more than doubling of female tax partners in recent years. Two of them provide their thoughts on how the careers of women in finance can be supported to enable them to achieve their full potential.

Jenny Batchelor – Bristol Tax Team

Since I joined Grant Thornton, the firm has recognised that it needed to do more to increase the number of women in leadership roles, but it was clear there wasn't one easy fix. It was much more complex, with several things needing to be tweaked to ensure that we were retaining and promoting the talented women we had in the firm. Over the ten years I have been with Grant Thornton I have seen several big changes.

More female role models

When I started in tax 20 years ago, there were very few female partners and even fewer female tax partners. As time moves on and as more women have fought to get to the top this has changed and this, in turn, naturally changes the future for other women. One lesson from Grant Thornton is that many women have given up their time and shared their experiences and stories to informally coach and mentor myself and others. Having Sacha Romanovitch as our CEO has helped this hugely and it is great to see what she has achieved – the ultimate role model.

Agile working

We start off employing men and women in approximately equal proportions (in fact, in tax we find the skew is towards women) but when we get further along career paths we "lose" women who don't return after maternity leave. When I came back from maternity leave in 2013, my boss and I agreed an informal agile working agreement – which was quite radical back then. We now have an agile working policy meaning that women do not have to choose to be a partner/employee or a mum – we can be both.

Men help too

I have a very typical female trait – I am very good at telling people what I have not done well. It was drilled into me from an early age not to boast

or show off, but that just doesn't work in the office. Especially where men (or at least those with typical masculine traits) are very good at telling people all the great things they have done. During my career at Grant Thornton there have been some stand out men that have helped me recognise this and have called it out. Without their help, I wouldn't be in the place I am today.

Coaching and mentoring

I suffer from imposter syndrome on a regular basis, as do many women. What if someone finds out I am not good enough for this role? The coaching and mentoring programme we have developed has really helped me to deal with this. Back in 2011, before we had established our internal coaching and mentoring programmes, the firm supported me in attending the inaugural ICAEW women in leadership programme. It was great to know that other women in differing finance roles came across the same challenges and we helped coach each other as we came across demanding situations.

We talk about it

We don't shy away from discussions on getting the right balance at the top. If we see something isn't right we say so and work out a plan to address it. This is not just to make up the numbers – we know that diversity gives better results and gets us to better solutions. It is not always easy and quick, but we have worked hard to get this right balance for women and men and are now addressing social mobility.

Now that I am a partner, I strive to be a different role model to people joining the firm and actively try to bring others along with me.

Rachel Engwell – Yorkshire Tax Team

The introduction of gender pay gap reporting in the UK has thrown the spotlight onto the dilemmas facing working women in business today. Research from Grant Thornton's *International Business Report* has revealed that, globally, the percentage of women in senior management positions across all types of businesses has risen just 1% in the past year from 24% in 2016 to 25% in 2017. This amounts to just a 13% shift in the past 13 years since our external research began, and more than a third of organisations worldwide still have no female input into executive level decisions.

Although diversity is key to business success, it is reduced hours or working part-time – an often unavoidable part of having a family – that is often cited as the reason working mothers are missing out on senior promotions and pay rises. As a mum, I know first-hand how difficult it can be to balance the conflicting day-to-day demands of work and family.

Untapped potential

I believe there is great untapped potential for businesses across the UK to capitalise on female talent and bring to light the very real challenges still facing women. This includes increased levels of understanding from the business and support made available before, during and after maternity leave.

Of course, an extended period of absence is bound to upset the status quo and businesses themselves evolve over time, but effective planning can go a long way to addressing some of these issues. Everyone is motivated by different things, whether it is pay, challenge, progression, flexibility or a simple "thank you" in recognition of a job well done.

Business leaders must work together with women and all working parents generally to understand what they want from their working life and their future career, without making assumptions. I have seen too many instances of women "settling" at a certain grade or, indeed, leaving an organisation altogether, purely because they have been poorly and ineffectively managed after having their children.

Conclusion

We are proud to have Sacha Romanovitch as the first female chief executive of a major accountancy firm in the UK. Women already in leadership roles should act as positive role models, offering coaching and mentoring around becoming a mother – a life-changing experience. Sharing their own knowledge and experiences, promoting flexible and agile working to both mothers and fathers, and communicating such policies to the wider teams should ensure that more parents feel supported and continue to be motivated in the workplace. Businesses that work together with their employees in this way are more likely to reap the benefits from capitalising on female talent and achieving future growth.

FURTHER INFORMATION

Grant Thornton's 2017 *International Business Report – New perspectives on risk and reward*: tinyurl.com/hs3hbu5

www.grantthornton.co.uk

Rachel Engwell is Head of Tax for Grant Thornton in Yorkshire and the North East. She has been advising dynamic businesses and their owners for nearly 20 years and is best known for providing quality, value-enhancing advice. Rachel is passionate about shaping a vibrant economy and actively supporting businesses as they evolve and grow in an environment of increasing tax complexity and scrutiny. She predominately leads on transactions including corporate restructures and simplifications, acquisitions and disposals, management buyouts, group reorganisations and debt structures. She joined Ernst & Young's graduate programme straight out of university and progressed with them to director before joining Grant Thornton as a partner two years ago.

Making the right choice

Choosing the wrong online accountancy software package for your accountancy practice could be costly. *Riz Wasti* outlines the important factors that will help you to make the right decision.

Riz Wasti ACMA, CGMA is the director of 2E Accountants Ltd and has experience encompassing start-ups, small businesses, charities, mergers and acquisitions, project management and directorship. He founded his accountancy practice in 2009 with the aim of creating accessible finance systems and procedures for organisations of all backgrounds. Riz has built a team to provide this expertise and named his new practice 2E Accountants, as in Efficient and Effective Accountants.
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TEN SECOND SUMMARY

1. **Choosing an unsuitable accountancy software system could prove expensive.**
2. **The right software product may help retain and attract clients and enable value-added advice to be provided to them.**
3. **A 12 point checklist of useful software features. Make sure that the system is suitable for both your practice and your clients.**

For those starting an accountancy practice aimed at small businesses, one of the main challenges is advising clients on the most appropriate accounting software. As accountants, we expect that all such software systems are there to fulfil one primary purpose: to record business transactions in a "double-entry" system, which they all gladly do. And while we may have a preference to work with one type of software, we know we can find our way within any system because they were originally created to "computerise" what our accounting ancestors used to do on paper ledgers.

However, the main reasons for the popularity of web-based software over the past seven or eight years is less to do with basic accounting processes and more to do with the other features that have attracted both customers and their accountants.

The software market has been very competitive over the years, with much advertising and marketing of new offers and features. In some cases, the marketing is so effective that the clients are questioning their existing systems and asking their accountants to move to other packages. The desire to adopt new online systems has been so intense that it has become one of the popular reasons to move accountants. Further, firms that are used to working with popular online accounting software products may find that this is a factor in attracting new clients. This shift in the market has resulted in accountants advertising themselves as "cloud-based accountants" or as a "specialist with cloud-based software".

Finding the right system

So what are the various features on offer and how should accountants decide on the right system for themselves and their clients? Generally, clients are sold on the following ideas.

1. *It can be used anytime and anywhere*. This is true and is still the main advantage.
2. *The software will know let them know their current financial position in real-time*. This is a myth because it gives the impression that clients will have "real-time" information of business performance and finances, when further manual updating is required.
3. *It enables accountants and clients to collaborate and share.* This is my favourite feature although many clients never log in to the software.

4. *It's simple and easy for everyone to use*. This makes some clients think accounting is easy.
5. *Add-ons – other sales software, customer relationship management (CRM) or operational tools can be added to the accounting software making matters easier.* This may not always be the right thing to do, so it's worth thinking it through.

All of the above factors are the main features that online software systems purport to offer. However, when it comes to using it, some may be preferred over others. Most systems offer a 30-day trial period, so it is worth spending time to pick the favourites.

The ***12 Point Software Checklist*** may be helpful in deciding which is the right one.

Conclusion

At first sight, the factors in the ***12 Point Software Checklist*** may appear daunting, but I suspect that each practice will find that some have more immediate relevance to their particular circumstances or clients. And remember that, once a decision has been made, it is not the end of the process – there will be a learning curve for the practice and its clients with, no doubt, some glitches along the way. Find out what works best and seek advice sooner rather than later because correcting mistakes can be costly, time consuming and, much worse, damaging to the practice.

Choosing a new accountancy software system may be time consuming initially, but as one door closes another opens and embracing change can be the first step to an improved, more profitable and client-friendly accountancy practice.

12 POINT SOFTWARE CHECKLIST

1. *The interface*. If the design is attractive, it may be a deciding factor to buy the system. If browsing is intuitive and features – sales invoices, suppliers, customers, profit and loss reports and the like – can be found quickly, users will have a much easier time engaging with the system.
2. *The VAT module*. Check whether the system can cope with cash and invoice accounting for VAT and flat-rate VAT schemes. Does it produce a VAT return? Can this be submitted to HMRC from within the software? Although the last is not essential, it is a "nice to have". Further, if a business must follow slightly complicated VAT rules, find out whether the software helps. For example, not all systems implement reverse charge calculations automatically, so care will be needed to avoid VAT return mistakes without this feature.
3. *Does it offer multi-currencies?* If a business requires multi-currency accounts this is a deal-breaker. Not every software product can handle this. Reporting features are also worth checking. Some software will have the currency option but, when invoice reports are run, it may be found that some invoices entered in, say, euros, are not translated into pounds sterling.
4. *Does it offer a good journals module*? Accountants must make specific adjustment entries into the accounts that cannot be entered through bank or invoicing modules. Many accounting entries are done by way of journal entries – for example, year-end adjustments of accruals, prepayments or monthly wages – but some systems have a poorly designed module to make these. This can make it hard for an accountant to match the figures in the client's system to the final accounts.
5. *What type of reporting is available?* Will there be a need for comprehensive reports at the month-end, project-based recording or retrospective reports for analysis? Do not settle for annual profit and loss and balance sheet only reports. There are varieties of criteria available if required, such as:

- monthly profit and loss reports with comparisons of the past 12 months;
- monthly balance sheet reports of all assets, liabilities and capital balance;
- sales invoices reports for each project or tracking references;
- project-based profit and loss reports;
- product-based reports; and
- a variety of activity reports.

Some systems will also enable reports to be made of the top customers or suppliers during the year. This is useful to prepare an 80:20 analysis, as well as the usual aged debtors and creditors for 30, 60, and 90-day periods. This helps clients to stay on top of their credit control and supplier liabilities. Decide what reports are most useful and make sure the system offers these.

6. *How good is the bank module?* Can the software link to a bank account? Some require bank statements to be uploaded, while others include an automatic feed from the bank account and credit cards. This means that all banking transactions are available. Systems will also allow the creation of wizards – a set of screens that guide the user through a process. This means that repetitive transactions are quickly allocated to nominal accounts with the correct VAT treatment.
7. *Is a stock module needed?* Some systems provide a detailed product module, some do not. For clients that trade in products this could be an essential feature.
8. *Is there a payroll module?* This is not necessary if the payroll service is outsourced, but if a client wants to administer payroll in-house, it will make sense to use the linked system. Sometimes this facility is included in the software package, sometimes it is available as an add-on. Check whether this module offers RTI submissions to HMRC directly from the software.
9. *Varieties of invoice templates*. Most software systems allow invoice templates to be customised, but often with limited flexibility. If an invoice is too descriptive with detailed terms and conditions it may be difficult to make the default template work. If this important to a business, check it before buying the package.
10. *Does it allow users to have different permission levels?* For example, if limited access to, say, a sales or finance team is required, make sure the software allows this.
11. *Uploading attachments.* Although not necessary, this can be a useful feature and a good selling point. This enables the bills or invoices on the system linked to the transactions to be uploaded. Then, if a question arises regarding an amount when looking at, say, profit and loss account reports, it is possible to drill down to the source document. Note, however, that uploading attachments for every transaction can be time consuming.
12. *Is a mobile version on offer?* Many software packages now have a mobile version, allowing access through a smartphone. However, in some cases, the mobile version may have limited options so decide before purchasing whether this will be important.

Tricks of time

Time and its efficient use is an important factor in running any successful business. *Peter Plessers* explains how email efficiencies can work for the modern accounting practice.

TEN SECOND SUMMARY

1. **Accountancy practices should review the use of time and explore ways to improve internal collaboration and workflow processes.**
2. **Turn emails into actionable tasks that assign clear ownership and incorporate them into the office workflow.**
3. **The idea to process incoming emails is to filter out the "noise" and prioritise those that require action.**

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Time is arguably the most valuable asset for accountants. That's why modern accounting practices should look regularly at where most of their time is being spent and explore ways to improve their internal collaboration and workflow processes.

For many, the biggest consumers of time are emails. On average, employees spend more than a quarter of their time at work using email. A survey of 1,300 business professionals by OfficeNet.com cited email as the greatest time-waster (44%), followed closely by meetings (42%). In an always-connected world, many people feel the need to check their email inbox once or twice an hour if not more often. Further, many interrupt their ongoing activities each time a new email comes in. Because it can take up to 20 minutes on average for an interrupted worker to return to their original task, it is not hard to see that this is a major time-waster.

Reduce internal emails

Too often, we see teams at accountancy firms that spend a great deal of time in their inbox. Not only are they using email to exchange information with their clients, they also rely on email to share knowledge, have discussions with team members, distribute work, follow-up on projects and tasks, manage their personal to-do list and the like. Email has clearly outgrown what it was initially designed for.

Today, accountancy firms might have a look at more specialised collaboration tools to facilitate team discussions and keep track of ongoing projects and tasks. For general discussions, tools like Slack, Microsoft Teams or Yammer are a great option. To follow up on the projects and tasks, have a look at task and workflow management solutions that focus on accountants. These allow emails to be turned into actionable tasks,

assigning clear ownership and incorporating emails into the office workflow.

By default, these collaboration tools will typically send out email notifications to users to notify them of important events. While these notices might be helpful to get users started with these tools, this conflicts with the goal to reduce email communication. It is a good idea – once a team has fully adopted those tools – to turn off (or at least restrict) the email notifications that are being sent.

We have seen accountancy firms that have adapted this way of work to reduce their emails by 60%. Instead, email becomes the primary medium to communicate with clients, while internal discussions and task management are offloaded to these more specialised tools.

Prioritise the inbox

The temptation is to start processing an inbox from top to bottom, starting to answer the most recent emails and working downwards. A better approach is to first prioritise unread email messages, which focuses attention on the most important and urgent emails.

The idea to process incoming emails is to filter out the "noise" and prioritise those that require action. To do this, go through emails one by one and apply one of the following actions to each of them.

- *Delete.* If an email requires no action and there is no point in keeping it for future references, simply delete it. If it is an automated email, such as a newsletter, that is never read anyway, now is a good time to unsubscribe from the mailing list. This means that there is one email less to process the next time.
- *Archive.* If an email requires no action, but it is important to retain for future references (say the minutes from yesterday's meeting), archive the email. Some try to organise their archive into different folders, such as folders by client or project, for all emails related to training and the like.
  However, in practice this only tends to slow things down and does not add any great benefit to their retrieval in future. Simply keep a single archive folder and rely on "search" to find particular messages.
- *Reply and archive.* If an email requires a response and takes less than two minutes (this might be one to confirm attendance at a meeting), reply immediately. After this is done, don't forget to archive the email.
- *Schedule.* If an email requires action, but will require more time (say an email from a client to do something), add this email to a "to-do list" and schedule the work based on its urgency and expected workload. It might be tempting to start working on an email immediately – especially an important one. Try not to do this because it interrupts the present task – which right now is prioritising emails. Further, even more urgent emails may then be encountered in the list of those yet to be processed.
- *Delegate.* Emails that require action by someone else (say a colleague) can be delegated. Do not simply forward the email, but convert it to a task and assign it to the colleague. In this way, clear ownership can be set, making use of due dates to indicate when an answer is expected making it easier for to follow up.

Focus time

The idea of "focus time" is that time is reserved in one's schedule (and in the schedule of team members) during which interruptions are kept to a minimum so that focus remains on the job at hand for a longer period.

The best way to achieve this is by scheduling fixed time slots in the agenda to process emails. For example, depending on the average number of emails that must be processed daily, two timeslots of 30 minutes each day could be scheduled: one in the morning and one in the afternoon. Outside these timeslots, try to keep access to email to a minimum.

There are some ***Tips and Tricks*** to help with focus time.

Conclusion

Undoubtedly, email performs an essential function in any modern business. However, it is important to remember that this form of communication should serve its users in advancing the business function, not be served by them.

Users must learn to control and declutter their email inboxes; without this, frustration will follow. A lack of control means that time is wasted by increasing distractions from the important work at hand. As with anything worth doing well, some training in the tricks of time management will lead to a more satisfactory and rewarding work place.

FURTHER INFORMATION

Follow Tasks in a Box on Twitter: @TasksInABox

www.tasksinabox.com

TIPS AND TRICKS

The following suggestions will help with focus time.

- Add the timeslots to process emails as recurring events to your calendar. This means time in the agenda that would otherwise get occupied by other activities is blocked. As following up on email is part of the day-to-day job, it makes sense to reserve time for this.
- Do not immediately open the email inbox as the first activity in the morning. This way, work on other important activities can take place before going through emails.
- Treat focus time as important as any other event, such as team meetings, customer appointments and the like. It's tempting to sacrifice focus time in case there is a scheduling problem.
- To avoid being continuously disturbed, close the email application and turn off notifications.
- Monitor whether the amount of focus time scheduled is enough to process emails on an average day. If more or less time is needed, the agenda can be adjusted accordingly.
- It is better to schedule three timeslots of 30 minutes than one timeslot of one-and-a-half hours. It's easier to stay focused for 30 minutes on an activity than for a longer length of time.

Data lockdown

Are you and your clients ready for the General Data Protection Regulation? *Tara Jay* warns that new regulations will apply from May 2018.

TEN SECOND SUMMARY

1. **The General Data Protection Regulation comes into force on 25 May 2018.**
2. **The regulation applies across the EU and will continue in force in the UK after Brexit.**
3. **Being a GDPR-compliant business can be attractive to customers.**

The General Data Protection Regulation (GDPR) is the UK's first major review of data protection for 20 years and it comes into force on 25 May 2018. It will affect how businesses create, capture, store and share personal information and seeks to reinforce the rights of individuals against organisations. This will be done by attaching more liability and responsibility to corporate and not-for-profit entities at all levels.

The notions of data and its collection have been transformed under the GDPR, which considers the holding of large data depositories to be a potential liability. Businesses can no longer collect data that is not needed, filter out the necessary information and keep the rest "just in case" it is required in future. Gone are the days of collecting data by any means while seeking legal protection with a disclaimer.

The GDPR aims to apply a thorough approach towards data valuation, collection, processing, retention and deletion across the EU. It will continue to apply in the UK in some form after Brexit.

What needs to be done?

Businesses need to give data protection the same importance that they would to health and safety regulations. Suggested action in this regard is as follows.

- Seek specialist advice on how to obtain a smooth data flow, free from legal liabilities and at the lowest possible risk level.
- Ensure all staff receive adequate training to understand the importance of data and data protection from a GDPR perspective. The regulation binds individuals and organisations.
- Make sure that the hard copy and electronic data held by the business is necessary, sufficient and accurate.
- Conduct appropriate impact and risk assessments on the business's various operation streams to ensure that, if there is an incident which could lead to a data breach, adequate coping mechanisms are in place. This includes, but is not limited to, staff training, a data breach log and insurance cover for all.
- Think about data collection and assess how far the data goes back. Are policies in place to update the data and ensure that consent to receive various forms of communications is still valid?

Reassuringly, the Information Commissioner's Office has confirmed that fines under the GDPR will be proportionate. However, the regulator does expect businesses and organisations to have mapped out an implementation plan in time for 25 May 2018. In the near future, a "data breach" will become a criminal offence.

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Benefits of GDPR compliance

The GDPR is intended to promote openness and transparency to enable individuals (data subjects) to understand that their personal information has a secure journey through various data controllers and data processors. Further, businesses should have systems which run smoothly to ensure that the information held is necessary, sufficient and accurate.

Customers and business stakeholders should have a choice as to the information they would want to receive and the means of communication by which this is done. Businesses need to ensure that these choices are upheld thoroughly.

A business that becomes GDPR compliant will be attractive to customers and enable it to gain a better reputation than its competitors in particular and in the sector more generally.

Bad practice implications

If a business is not taking care with its data collection and processing this can cause problems for both itself and its customers. For example, having the wrong postal address on a mailing list for a magazine subscription is a nuisance for everyone involved.

- A postal fee is wasted sending a magazine to the wrong address.
- The residents in the wrong address were inconvenienced by receiving a letter that was not theirs. If they care enough, they may be further inconvenienced by having to mark it as "return to sender" and taking it to a post box.
- The real customer would not receive their magazine on time or, in some cases, at all.

Having a large historical database with out-of-date data benefits no-one. How often do we click on an "unsubscribe" button and still receive the same marketing emails? Or, when we try to sign up to public wi-fi, we have the option to say only "yes" to receiving marketing materials or be denied internet access?

These are all examples of practices that will be made illegal under the GDPR and, arguably, some of them could be illegal under the current legislations and regulations.

Interaction with other areas of law

The GDPR will not conflict with current UK legislation and is not intended to contradict other areas of law.

The "legitimate interest" concept under the GDPR allows businesses to hold data as long as necessary and justifiable to fulfil the purpose of their organisation or meet legal obligations. For example, under tax and audit provisions, data needs to be held for at least six years and up to seven years.

Data sharing restrictions

Under the GDPR, individuals have a right to know by whom, with whom and how their data is shared. They can choose the data they wish to be shared and restrict the processing of it.

Marketing data bundles can no longer be traded and customers can buy a new car without receiving multiple car insurance marketing emails and leaflets in the post.

Unless falling within a specific exemption (such as disclosures required by law), sharing information with third parties is a data breach unless the individual has consented and is aware of the organisations with which this will be shared and the purposes for which those third parties will use it. In other words, the GDPR is promoting a common corporate responsibility.

Businesses and others will have to act responsibly and, sometimes, even be held responsible for the actions of third parties if they contributed to that mistake in some shape or form.

Post-Brexit scenarios

After Brexit, three different scenarios seem possible:

- the GDPR legislation could remain the same in the UK;
- the government could make the GDPR more stringent than required to show its European allies that the UK is still interested in healthy trade relationships with the EU; or
- the government could choose to draft a new GDPR bill and create a watered-down version of the regulation that is more suited to the UK's corporate culture and data protection needs.

Conclusion

The GDPR compliance journey is something that all data-collecting businesses and organisations must undertake. They must work with associated businesses and in close partnership with colleagues and employees.

FURTHER INFORMATION

To find out more about how Kingston Smith can help you comply with the new regulatory requirements, please visit www.ks.co.uk/gdpr.

Kingston Smith group company, ClearComm's self-certification portal offers cost-effective practical support no matter where you are on your GDPR compliance journey.

Hunting the elusive doers

Georgiana Head considers how accountancy practices and others can close the skills gap.

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TEN SECOND SUMMARY

1. **The impact of the last recession was that the Big 4 and Top 20 accountancy firms reduced the number of graduates and school leavers employed.**
2. **HMRC has experienced a skills shortage, but new officers will have undertaken AAT level 3 or level 4 exams.**
3. **Imaginative solutions such as a flexible, part-time or a part home-working basis of employment can help to find new employees.**

The phrase in recruitment that no one wants to hear is that there is a "skills gap" in the current market. Most accountancy firms know that there simply aren't enough "doers" out there – this is a self-explanatory technical term that my colleague Alison Tait and I coined to explain the types of accountants, tax and other professionals who "do the work". In our business, they are the ones who prepare accounts and tax computations that someone else reviews. A doer is qualified, knows what they are doing and can do their job with minimal supervision. In accountancy-speak they would be qualified seniors, group accountants or assistant managers. These doers have become an increasingly rare breed and there are several reasons for their scarceness.

Recessionary effect

To a degree, we are still feeling the impact of the last recession – which was generally accepted to have been from 2008 to 2013 and which I recently discovered is now called "The Great Recession". When it hit, the Big 4 and Top 20 accountancy firms stopped taking on as many graduates and school leavers and as a result there has been only a small trickle of newly qualifieds leaving these firms and coming on to the market in the past ten years. Even though firms have gradually been rebuilding their graduate and school-leaver recruitment they have done so very cautiously, cutting numbers after the Brexit vote. The majority of those taken on have yet to qualify. A practical example is that in the "corporate tax" ACA finalists class of 2018 at one of the Big 4 in Leeds there will only be one finalist. Back in the early 2000s there would have been at least six in the year in that office in corporate tax alone. I suspect that this is representative of the market as a whole and that most offices have not returned to their pre-recession figures for trainee accountants. Traditionally, it is the Big 4 and the Top 20 who provide these doers for in-house accounting and smaller accountancy firms.

The impact of HMRC

Most tax practices also used to get about half of their tax staff from the Inland Revenue. At tax senior level it tended to be tax officers and TOHGs – tax officers higher grade – who made the move to the other side of the fence. TOHGs were particularly useful, they tended to have undertaken internal Inland Revenue exams and were used to running cases from start to finish. Unfortunately, the merger of the Inland Revenue and Customs meant a change in the way departmental staff were trained. We began to see either clerical staff or inspectors, neither of which could easily make the transition to a tax compliance role.

However, there is some light at the end of the tunnel because HMRC has also experienced a skills shortage and a new band of "tax officers" is coming through having undertaken AAT level 3 or level 4 exams. The department's first newly qualifieds are just coming on to the market and are looking for firms who will sponsor them for the next step of their professional exams.

I also think there has been some impact on the smaller accountancy firms in particular from the mindset of the "millennial" accountancy trainee. Those of us who trained in accountancy in the 1980s and 1990s expected to serve an apprenticeship – in fact, to give our pound of flesh working long hours on somewhat repetitive accounts and tax compliance work before being promoted to work on more advisory projects.

Many graduate trainees are looking for roles with a consultancy focus, where they can have more responsibility at an earlier stage. They don't understand why they should be tied to a desk – presenteeism seems daft to a generation that can run a business from their mobile phones. Thus, there is an expectations gap between what employers want and what new graduates expect.

Possible solutions

What solutions are out there and how can we plug the gap? One part of the solution is the government's focus on apprenticeships and the apprenticeship levy. The government recognises that there is a shortage of trained individuals and is aiming to upskill the population with a target of three million new apprenticeships by 2020.

All the major accountancy bodies are promoting apprenticeships and training providers have packages to run the apprenticeships for firms. For a firm with a turnover of more than £3m, it makes sense to use its share of the apprenticeship levy to help fund training contracts. Those turning over less than £3m can undertake a "co-investment" apprenticeship where it funds 10% of the training costs and the government funds up to 90%. See the summary at tinyurl.com/ya4k28ah and detailed guidance at tinyurl.com/jglfzyj.

However, there are several practical things to be borne in mind. First, the trainee will be covered by the apprentice laws which give greater protection than a normal training contract. For example, exam fees cannot be clawed back from the trainee if they leave the firm on qualification. Further, if they fail the exam at first attempt the employer can't just let them go.

In most cases, to qualify as an apprentice the trainee must take an extra paper or case study alongside the ordinary exams for the qualification and will need to complete a portfolio of evidence. The apprentice must study for one day a week but, in part, this can now be done in block form to fit round the usual two-week study courses – but it does need to be adhered to. One obvious thing employers should do is review training contracts to ensure that they are updated to fit current apprenticeship standards.

The work-life balance

Another consideration for employers is that, rather than bringing in someone to train from scratch, could they attract a candidate who already has the required skillset and training? Could the employer be flexible in terms of working hours? For a variety of reasons, a substantial element of the UK accounting populace wish to work part-time. Many are of the generation that are trapped between trying to raise families while caring for elderly parents. Some simply have a passion for something other than accountancy and wish to work part-time to support extra-curricular activity. The Big 4 have led the way by offering some of the first home working contracts.

For example, KPMG now take on some expatriate tax staff on a compressed eight-month contract. The principle is that the employee will work 50-hour weeks during busy times and then have four months off. I've encouraged clients to consider job shares and roles that could be performed on a part-time or part home-working basis. Imaginative solutions have included candidates being offered contracts where they work five hours from work and one from home each day.

There has also been an increase in term-time contracts to help fit work around childcare during holidays. The offer of flexibility allows firms to attract more experienced staff who are likely to remain loyal to a business because it has enabled them to balance home and work responsibilities. Flexibility can also help capture some of the elusive millennials who are often keen to work reduced hours to fit around other interests or travel. Not every accountant dreams of being a partner; many want to do a good job, but be able to leave workplace stress in the office when they go home.

Conclusion

Despite talk of a skills gap, prospective employers do have the means to attract competent and willing employees who are suitably qualified and can carry out the day-to-day work of any accountancy practice or other business. The secret is flexibility on the part of both parties. Can the employer offer training or apprenticeship and are they prepared to accept part-time or home-working? Perhaps we can also take some advice from well-known entrepreneur Sir John Timpson. In a recent article in *The Daily Telegraph* (tinyurl.com/y9cefecr), he recommends a game-changing objective for employers: "To be a better boss by helping every colleague to become the very best that they can be". They can do this by:

- picking candidates with a positive attitude;
- clearing obstacles to their employees doing a great job;
- ensuring those at the top understand that they are there to support those on the production line and who work face-to-face with customers; and
- not to hamper employees with processes put in place by management with little understanding of shop-floor working.

The final point hints at the idea of allowing employees more responsibility and the opportunity to get on with the job in the best way they know. Not all will want to rise to executive or managerial positions – success can be measured in many ways.

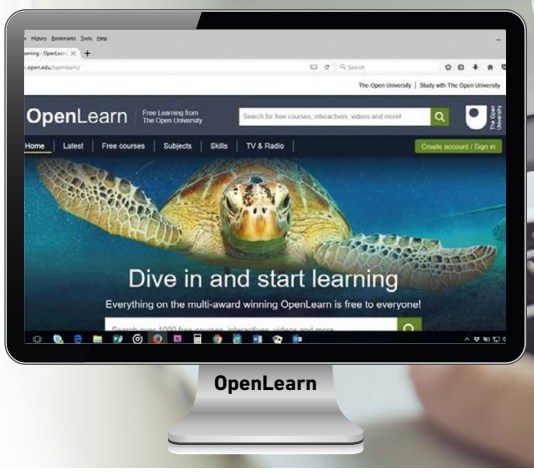
FURTHER INFORMATION

Apprenticeship levy summary: tinyurl.com/ya4k28ah

Apprenticeship levy – detailed guidance: tinyurl.com/jglfzyj.

Online learning

Debbie Homersham points IFA members in the direction of some free online learning sites for personal and business development.



OpenLearn

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TEN SECOND SUMMARY

1. **Continuing professional development is an essential part of maintaining technical knowledge for the benefit of an accountancy practice and its clients.**
2. **Websites can offer free courses from well-known internet names with the benefit of supportive online communities.**
3. **A certificate may be received on completion of the course.**

Maintaining technical, commercial and practical knowledge is an essential part of running a professional business. For a small organisation, cost may be an important factor, but this should not mean that continuing professional development is allowed to suffer as a consequence. The following web-based resources offer free courses and online communities that can help IFA members develop their businesses and careers.

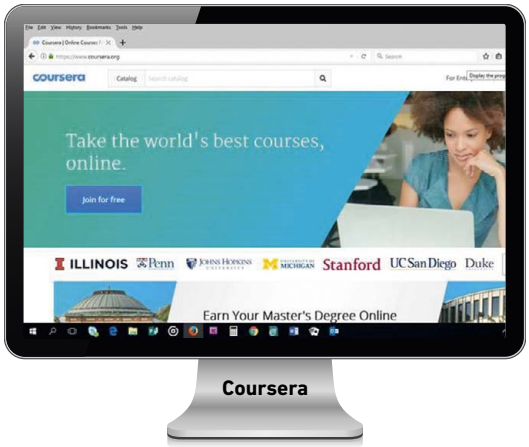
Alison

Inspired by the UN Declaration that "everyone is entitled to a free education", Alison is committed to equality and access to education irrespective of gender, geography, economic status or any other barriers to access. The site offers more than 1,000 courses from some of the most well-known names on the internet today, including Google, Microsoft and Macmillan. Categories include IT, business, marketing and health, Course times vary from one to two hours up to 15 to 20 hours, depending on complexity.

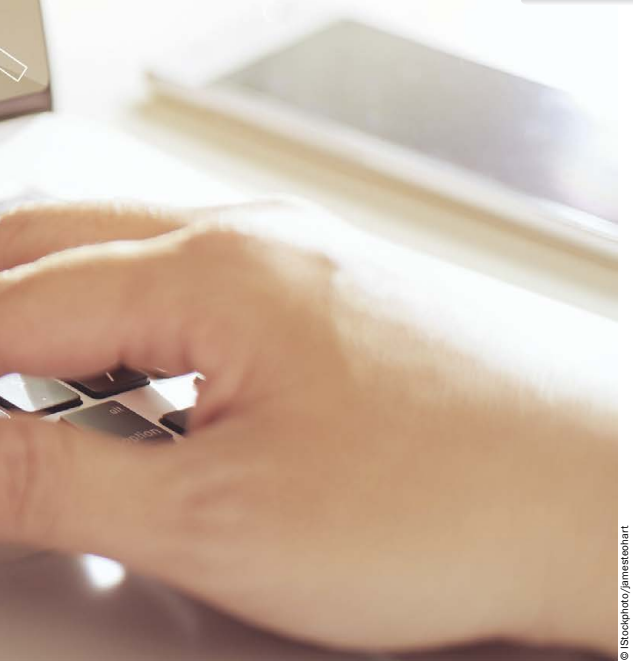
Coursera

This site has 114 educational partners that provide more than 1,000 free higher education courses to almost ten million users. One benefit to Coursera is that there are very specific courses that fit perfectly into particular niches, such as "Innovation for entrepreneurs: from idea to marketplace" from the University of Maryland. Its wide network of partners allows for a greater selection. Each course is similar to an interactive textbook, featuring pre-recorded videos, quizzes, and projects. A certificate is received on completion of the course.

Alison



Coursera



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Digital Business Academy

Created by Tech City UK, Digital Business Academy offers 56 free expert courses aimed at those who want to start or grow a digital business. Courses include "Develop a digital product" and "Finance for your business". Each course consists of a short single page made up of bite-sized video clips, practical advice from experts and entrepreneurs quizzes, text, and images. They take about 15 to 30 minutes to view and read.

FutureLearn

This website curates online courses from top universities and specialist organisations on a broad spectrum of subject areas. It is free to join and study the majority of courses, but payment will obtain additional benefits such as the ability to qualify for a certificate. Subject areas include business and management, law and study skills.

OpenLearn

Run by the Open University, OpenLearn aims to break the barriers to education by providing access to more than 1,000 free educational resources and sample courses that registered students can take. You can browse the subject categories to discover articles, watch videos and interact with features and games created by academic experts and guest contributors.

Summary

Ofqual is the public body responsible for regulating and monitoring qualifications and examinations in the UK and the IFA is accredited by this body as an awarding organisation. Consequently, the Institute recognises the importance of continuing professional education and development. Finance professionals enjoy strong demand for their skills and knowhow and training with the IFA will provide those skills. However, our formal professional training can always be enhanced by training in other areas so why not check out some of these free resources to the benefit of yourself and your business.

FURTHER INFORMATION

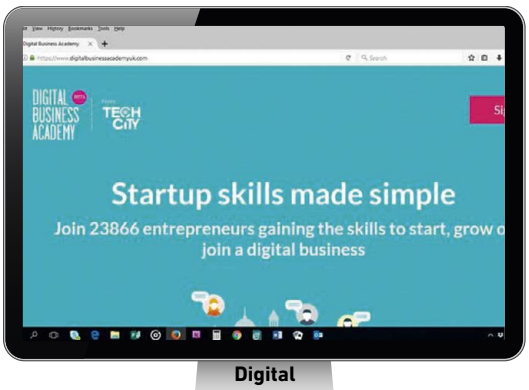
OpenLearn:
www.open.edu/openlearn

Alison:
https://alison.com

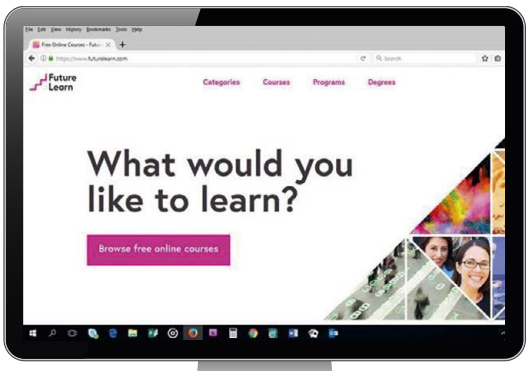
Coursera:
www.coursera.org

Digital Business Academy:
www.digitalbusinessacademyuk.com

FutureLearn:
www.futurelearn.com



Digital Business Academy



Future Learn

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The year that was

Richard Curtis looks back at 2017.

Richard Curtis is the editor of *Financial Accountant* magazine. He can be contacted at: richard.curtis@lexisnexis.co.uk.

TEN SECOND SUMMARY

1. **One year, but two Budgets – perhaps for the last time – and three Finance Bills.**
2. **Making Tax Digital plans are delayed but have not been mothballed.**
3. **Stamp duty land tax was abolished for some first-time house buyers.**

As 2018 opens with warnings of a flu epidemic, cancelled operations and reports that the state of the health service is akin to that of a third-world country, it is useful to put things into perspective. I see that 2017 started with the Red Cross warning that the NHS was in a "humanitarian crisis". Nevertheless, we are still here so what else happened in 2017.

January

On the same lines as the bad news for the health service, on the financial reporting front Next PLC was warning of a bleak and challenging outlook for 2017. Who would think that it would end the year reporting increased sales with a 7% rise in its share price?

In tax, the government's plans for Making Tax Digital were also a cause for concern, particularly in the small and medium-sized accountancy practices. On the other hand, HMRC announced that it would be closing 150 offices to reduce running costs.

February

Is Valentine's Day the most important date in February? Some may think that accountancy and romance might not be natural bedfellows but this may be a misconception. A poll by Xero found that accountants ranked fourth on the list of desirable people to date. Medical staff, emergency workers and designers ranked higher, but personal fitness trainers, handymen and car sales people were lower on the list.

On the subject of looking our best, we all like a little glamour once in a while. The glittering occasion, the gowns, the dinner suits, the bright lights... For accountants, this year's Oscars will probably be remembered for the mix-up when *La La Land* was wrongly announced as the winner of the Best Picture award. There were red faces at the well-known Big Four accountancy firm responsible for handing out the correct information.

March

Philip Hammond gave his first Budget of the year. It was proposed to increase National Insurance contributions for self-employed workers. On average, it was estimated they would pay £240 more a year although those earning below £16,250 would pay less. And while on the subject of earning a living, perhaps George Osborne was bearing in mind the changing pattern of employment when he became editor of the *Evening Standard*.

Brexit continued to be the subject of debate during 2017 and, on 29 March, Article 50 was triggered by the government. This started the clock for Britain's departure from the EU.

April
To the surprise of most of the population, prime minister Theresa May called a snap general election. "Brenda from Bristol" became an internet sensation, responding to the news from a roving BBC reporter, with – "You're joking, not another one?" – seeming to sum up the national zeitgeist.

New insolvency rules came into effect on 6 April.

May
The IFA had a stand at the Accountex exhibition at the London ExCeL venue on 10 and 11 May and looks forward to meeting more new, existing and potential members at the same event in 2018.

The Financial Reporting Council published FRED 67, which proposes amendments to FRS 102. These include allowing small entities to initially measure a loan from a director who is a natural person and a shareholder in the small entity (or a close member of the family) at transaction price rather than present value.

June
The government's best-laid plans went awry and the Conservatives 17-seat majority was wiped out leaving the party reliant on support by the Northern Ireland Democratic Unionist Party. Mrs May's star had fallen, but Jeremy Corbyn rode an apparent wave of increasing popularity and appeared on the main Pyramid stage at the Glastonbury festival on 24 June. He called for Donald Trump to "build bridges not walls" and quoted Shelley: "Let us be together and recognise another world is possible if we come together."

July
The accountancy profession breathed a sigh of relief on hearing that the government was deferring its Making Tax Digital plans. The rollout has been delayed and only businesses with a turnover above the VAT threshold will have to keep digital records and only for VAT from 2019. Businesses will not have to file quarterly digital records for other taxes until at least 2020. Advisers should not put MTD completely on the back burner – it is probably worth preparing their practices and clients for its eventual introduction.

The Financial Conduct Authority published its interim study on the 2015 "pensions freedom" reforms. More than half of those aged over 55 were cashing in their funds early. While most accountants will not be authorised to provide investment advice perhaps they should ensure clients take professional advice before committing themselves to a particular course of action.

Also in July, HMRC achieved a significant victory against employee benefit trusts in the *Rangers* case. Still on the subject of employment, one result of the *Taylor Review of Modern Working Practices* was the government's promise of a consultation on the reform of employment status.

August
The government announced plans to implement a new data protection regime. The General Data Protection Regulation (GDPR) will come into force on 25 May 2018 and, as advised elsewhere in this issue, practices should be taking steps to comply. The May deadline will arrive sooner than expected.

September
Finance Bill 2017-19 was published, legislating many of the measures that had been dropped because of the general election. Major measures related to deemed domicile changes, inheritance tax on UK residential property and employment income provided through third parties.

The Criminal Finances Act imposed a liability on accountancy practices that facilitate tax evasion. The penalties are severe and firms should take steps to ensure they have policies and procedures in place. They need to show that they are taking reasonable steps to identify tax evasion.

The IFA's directors report and financial statements to 30 June 2017 were published.

October
On an individual basis, the big financial news of October (perhaps) was that the round £1 coin ceased to be legal tender and was replaced with a 12-sided version. Perhaps of greater import was the news from the Office of National Statistics that Britain was £490bn poorer than thought.

November
At the start of the month, HMRC breathed a huge sigh of relief when the Supreme Court agreed that the department did not have to pay compound interest in its dispute with Littlewoods.

The company had claimed that it had the right to receive compound interest in respect of a "section 80 Fleming" claim to recover overpaid output VAT. This was a major win for HMRC, because the compound interest at stake for Littlewoods alone was £1.25bn, with numerous claims concerning VAT and other taxes with an estimated value of £17bn standing behind the case.

The Autumn Budget held few surprises. Stamp duty land tax was abolished for first-time house buyers purchasing properties up to £300,000. Whether this will benefit them or allow sellers to think that buyers will thus have more money to spend on bricks and mortar remains to be seen.

The Paradise Papers revealed the offshore financial dealings of numerous well-known people and celebrities. Even though their actions may be legal, those thinking about tax mitigation measures and their advisers need to consider the potential adverse publicity if these come to light.

The Charities Accounts (Scotland) Regulations 2006 were amended to allow IFA members to undertake independent examinations of charities' fully accrued accounts.

December
The Finance Bill (No 2) 2017-19 was published on 1 December, this will become Finance Act 2018. Looking forward it seems that 2018 is – to some extent – starting in the same way as 2017. I expect we will muddle through somehow.

Branch meetings

Linda Wallace provides details of forthcoming local branch meetings and establishing new branches.

TEN SECOND SUMMARY

1. **Branch meetings, speakers and topics for the coming months.**
2. **Members must register their place through www.ifa.org.uk/events.**
3. **If there is no branch in your area would you be interested in starting one?**

These pages and www.ifa.org.uk/events include information on forthcoming branch meetings. To attend a meeting you must register your place through www.ifa.org.uk/events otherwise you may not be admitted if the event is full.

Branch events are free, keep you up to date with IFA news, important issues and contribute towards your CPD. They are an excellent way to meet local members.

There are local branches in the following locations.

- Antrim
- Brentwood
- Bristol
- Glasgow
- High Wycombe
- Ipswich
- Leeds
- Leek
- Leicester
- London
- Manchester
- Newcastle upon Tyne
- Plymouth
- Reddich
- Winchester

New branches

If you do not currently have a branch near you, and are interested in setting one up, we can provide all the necessary assistance and support to make it happen.

Email us on mail@ifa.org.uk with the following information:

- your membership number;
- telephone number; and
- your enquiry.

14 FEBRUARY 2018 (4.00PM – 7:00PM)

Glasgow
Topic to be confirmed
Glasgow Caledonian University
Cowcaddens Road, Hamish Wood,
Glasgow G4 0BA

20 FEBRUARY 2018 (7.00PM – 9:00PM)

Newcastle
Charles Linaker, Tax Partner UNW: Budget update
UNW LLP Chartered Accountants
1st Floor, Citygate St James Boulevard,
Newcastle upon Tyne NE1 4JE

1 MARCH 2018 (4.45PM – 7:30PM)

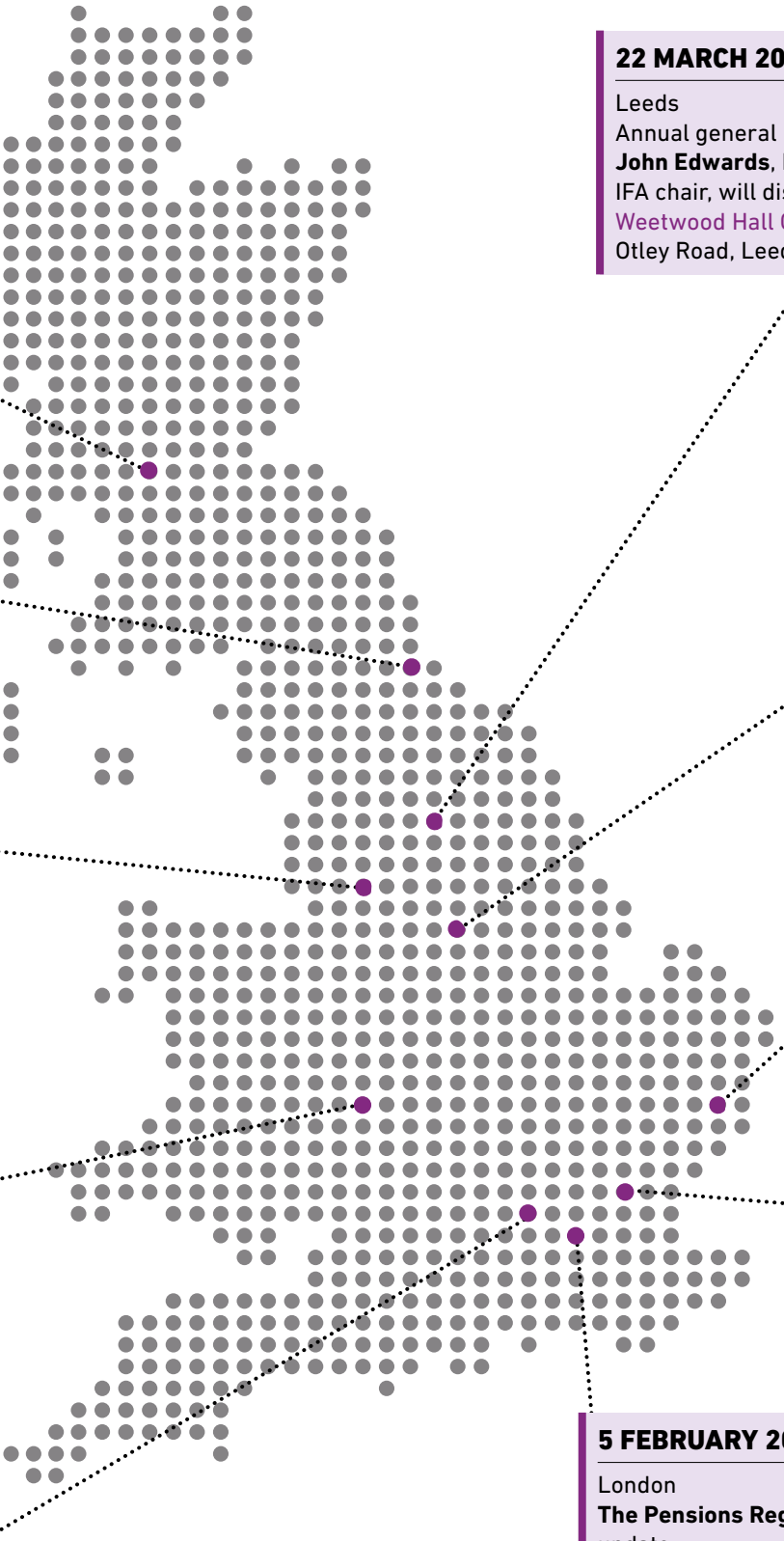
Manchester
Topic to be confirmed
University of Salford
Maxwell Building, 43 Crescent, Salford M5 4WT

1 MARCH 2018 (4.00PM – 7:00PM)

Redditch
Topic to be confirmed
Abbey Hotel
Hither Green Lane, Redditch B98 9BE

27 FEBRUARY 2018 (6.30PM – 9:30PM)

High Wycombe
Paul Howard, Gabelle: November budget 2017 update
Holiday Inn
Crest Road, Handycross, High Wycombe HP11 1TL



22 MARCH 2018 (7.30PM – 9:30PM)

Leeds
Annual general meeting
John Edwards, IFA CEO, and **Ian Hornsey**, IFA chair, will discuss association matters.
Weetwood Hall Conference Centre and Hotel
Otley Road, Leeds LS16 5PS

13 MARCH 2018 (7.00PM – 9:15PM)

Rotherham
IR35 overview and new legislation affecting contractors
Andy Milnes, HMA Tax: Capital allowances
Ibis Hotel
Moorhead Way, Bramley, Rotherham S66 1YY

12 FEBRUARY 2018 (5.00PM – 7:30PM)

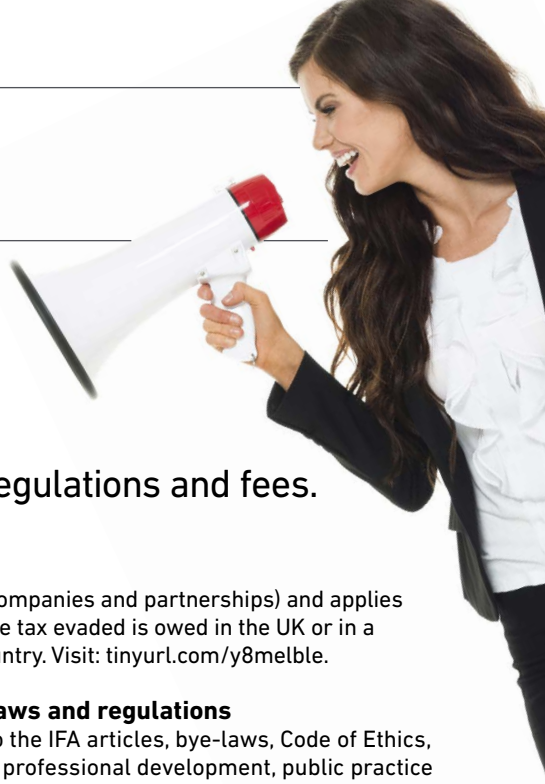
Ipswich
Topic to be confirmed
Ipswich Hotel
Old London Road, Copdock, Ipswich IP8 3JD

12 FEBRUARY 2018 (6.00PM – 9:00PM)

Brentwood
Heather Elliot, HMRC: Making Tax Digital
Jupiter House
Warley Hill Business Park, The Drive, Brentwood CM13 3BE

5 FEBRUARY 2018 (6.00PM – 9:00PM)

London
The Pensions Regulator: Auto enrolment update
Kevin Hall, Gabelle: VAT update
London South Bank University
Keyworth Centre, Keyworth Street, London SE1 6NG



Say it out loud

The latest news from the IFA on institute matters, new regulations and fees.

TEN SECOND SUMMARY

1. **New chair of the IFA Members Advisory Committee is announced.**
2. **The General Data Protection Regulations come into force in May 2018.**
3. **Changes to the IFA articles, bye-laws, Code of Ethics, continuing professional development, public practice and disciplinary regulations came into force on 1 January 2018.**

The past few months have seen much activity and new developments at the IFA. As well as our move to new offices, members may be interested in the following matters that will be relevant to them, their practices and, perhaps, their clients.

Ian Hornsey

New Members Advisory Committee chair

We are pleased to announce that Ian Hornsey has been appointed chair of the IFA Members Advisory Committee, with effect from January 2018. He succeeds long-serving chair Michael Colin, who remains as the UK director on the IPA Board. Ian is chair of the Brentwood, Essex branch and runs his own successful practice. We would like to thank Michael for all his hard work and wish Ian success as chair.

Anti-money laundering

The Money Laundering Regulations 2017 are in force and new Consultative Committee of Accountancy Bodies (CCAB) guidance is available. Members engaged in public practice will need to review their policies, procedures and internal controls to make sure they are compliant. Further information is available at www.ifa.org.uk/aml.

General Data Protection Regulations

The General Data Protection Regulations (GDPR) come into force in May 2018. The legislation will bring in many changes and organisations will need to consider it carefully and make sure they are compliant by the time it comes into force. Issues that are attracting particular focus include consent, increased administrative requirements and the need to provide a full audit trail, data exports and the new obligations on data processors. Further information is available at: tinyurl.com/y9jpbxmh.

Corporate criminal offence

HMRC has published final guidance on the corporate offence of failure to prevent the criminal facilitation of tax evasion. This applies to incorporated bodies (typically companies and partnerships) and applies whether the tax evaded is owed in the UK or in a foreign country. Visit: tinyurl.com/y8melble.

IFA bye-laws and regulations

Changes to the IFA articles, bye-laws, Code of Ethics, continuing professional development, public practice and disciplinary regulations came into force on 1 January 2018. Members need to be familiar with these changes and make sure they are complaint. Read Anne Davis' articles on the changes at: tinyurl.com/y83rdsss.

Further information is available at: tinyurl.com/mxbbe5w.

Membership renewals and payment of fees

The membership fee for 2018 was due on 1 January 2018. To remain a part of the IFA membership, please pay and complete your personal annual compliance return. Late fees may be charged for members who have not done this by the end of January 2018.

Payment must be received before the end of 23 March 2018 otherwise your membership will lapse.

To renew online log on to www.ifa.org.uk/portal/login using your membership number and password.

Failure to renew on time may result in your practicing certificate not being issued or disciplinary action according to the IFA bye-laws and regulations.

Please note that the IFA will be requesting further information online for practice firms in February 2018 in accordance with the revised IFA bye-laws and to meet the requirements of the Money Laundering Regulations 2017 which require supervision of firms, and reporting to HM Treasury and OPBAS.

Visit: tinyurl.com/mxbbe5w

New IFA Fellows

Congratulations to the following who achieved Fellow membership in November and December 2017.

Mrs Edita Ben Caid Del Rosario FFA FIPA
Mr Michael Bolster FFA FFTA
Mr Robert Carter FFA FIPA
Mrs Lorraine De'Ath FFA FFTA
Mr Alan Grant FFA FFTA
Mr Abdul Haseeb FFA FFTA
Mr Abdulla Khalifa FFA FIPA
Mr Alauddin Miah FFA FIPA
Mr Gordon Newman FFA FIPA
Mr Olaposi Olatubosun FFA FIPA
Mr Eric Parkes FFA FIPA
Mr Umang Shah FFA FIPA
Mr Christopher Williams FFA FIPA

To find out more on how to upgrade your membership visit: www.ifa.org.uk/upgrade.

Great savings from IFA partners

Your membership gives you access to some fantastic offers and benefits through our approved partners. Here are our top picks for January/February 2018.

Gabelle
A division of Abbey Tax

50% discount on tax desk helpline
Access expert advice discounted by 50%. A 12 minute call will cost IFA members £30 plus VAT.

Your exclusive tax portal gives you access to deeper insights on current tax legislation as well as practical advice, news and briefings on hot topics. You will also benefit from discounts on webinars and receive invitations to events.

Visit: ifa.org.uk/gabelle
or call 0845 4900509

The CV & Interview Advisors

The CV & Interview Advisors
The CV rewriting services can help achieve more interviews, job offers and salary and help with your Linkedin profile.

- Professional CV & LinkedIn rewrite service (7 + years' experience) £299 + VAT (normally £398 + VAT).
- Basic CV & LinkedIn rewrite service (graduate/student) £169 + VAT (normally £198 + VAT)

Visit: ifa.org.uk/cvia

IFA

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Links to software products all pulled together in one place enabling you to identify quickly and easily the online solutions that are best for you and your business.

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Visit: ifa.org.uk/technologybenefits

accountingcpd.net

Save £100 on five courses
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Visit: ifa.org.uk/nelsoncroom

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*Charge applies

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