

ACCA UK's Technical Advisory Service summarises recent points of interest.

# technically speaking

## HMRC

### Company cars – advisory fuel rates from 1 July 2009

The rates apply from the date of going to print or implemented by 1 July 2009.

Engine size	Petrol	Diesel	LPG
1400cc or less	10p	10p	7p
1401cc to 2000cc	12p	10p	8p
Over 2000cc	18p	13p	12p

Petrol hybrid cars are treated as petrol cars for this purpose.

### Offshore disclosure

A new round of 'offshore disclosure' arrangements is due to start in autumn 2009 and run until March 2010. This will give owners of offshore accounts, who have not disclosed income to the tax authorities, a 'final opportunity to disclose and put their affairs in order'.

Once agreement has been reached the full details of the latest offshore disclosure campaign will be available at [www.uk.accaglobal.com/uk/members/technical/taxation/new/](http://www.uk.accaglobal.com/uk/members/technical/taxation/new/)

The points below provide an overview from HMRC on what you can expect:

- Penalty of 10% for full disclosure if not previous opportunity. Higher for full disclosure if you had the chance under previous opportunity.
- HMRC is seeking to obtain details of offshore accounts and assets from hundreds of financial institutions. This ensures HMRC will be able to pursue those who choose not to disclose tax owed as quickly as possible.

- During the disclosure period, all account holders will know that HMRC has, or will soon have, their details. We have already successfully applied to get details from a number of banks.
- Although offshore account structures can be complex, HMRC will make it as simple and straightforward as possible for people to disclose.
- In addition, HMRC want to work with financial institutions and customer representative bodies to further simplify the disclosure process.

### *If people do not disclose*

- The NDO is a final opportunity to disclose in advantageous circumstances - there will not be another one.
- Anyone who has, or thinks they have, unpaid tax connected to an offshore account, should not wait for a further opportunity – it still makes sense to come forward now.
- They will be disappointed and face the likelihood of HMRC contacting them after the disclosure window has closed. If there are unpaid liabilities, this will almost certainly mean a higher penalty at the very least.
- We have plans to risk assess all information we receive and we will identify people who we believe have undeclared liabilities but who have not disclosed through NDO.
- We will use our enquiry and inspection powers to approach customers in this group and we will vigorously pursue all outstanding liabilities.

### Code of practice 9

A revised code of practice 9 has been issued. It incorporates the new appeals process and penalty regime that came into force on 1 April 2009.

The code can be found at [www.hmrc.gov.uk/leaflets/cop9-2009.htm](http://www.hmrc.gov.uk/leaflets/cop9-2009.htm)

### New car purchase/vehicle scrapping scheme

Business brief 31/09 highlights the normal VAT rules apply. It details adjustments that may be required that dealers and customers may need to make. The brief is at [www.hmrc.gov.uk/briefs/vat/brief3109.htm](http://www.hmrc.gov.uk/briefs/vat/brief3109.htm)

### Minimum wage

The judgement in *Annabel's (Berkeley Square) Limited and others v HMRC* [2009] EWCA Civ 361 effectively rules out the use of tips to make up minimum wage levels by businesses.

The Government also announced that using tips to make up minimum wage level pay will be outlawed from October 1st 2009 under National Minimum Wage legislation. The announcement by BERR comes following the court of appeal judgment in *Annabel's* where there were still circumstances where payments made as service charges or tips could count towards the minimum wage. The example being if a single payment was made for a meal that included the service charge.

### CONSULTATION

The consultation *Modernising Powers, Deterrents and Safeguards: Working with Tax Agents* closing date for responses is 7 August. The topic of the consultation is 'How HM Revenue and Customs (HMRC) interact with tax agents to ensure that clients' returns and claims

are correct when submitted.'

The questions asked are important to the way we work and are listed below with a link to the consultation document should you wish to respond. HMRC are asking:

#### Chapter 2

1. Have we identified the correct design principles? In applying these principles, are there any other matters that we need to take account of?

#### Chapter 4

1. What is the most effective way of assessing the presence of a particular risk across a tax agent's client base?

2. How can HMRC and professional bodies best work to ensure risks are resolved for the future?

3. What safeguards would be needed?

4. What guidance should HMRC produce for setting the standard of pre return assurance work and therefore provide comfort to practitioners that adherence to a certain level of assurance would amount to a defence against either compliance checks or other action?

5. What methods would be appropriate for ensuring that a tax agent's past failings are remedied, and good standards adhered to in the future?

6. Are there cases where it would be appropriate to charge behaviourally based penalties to tax agents?

7. If financial penalties are appropriate, on what basis should they be calculated: fixed, up to a certain amount, or linked to the tax at risk, fee income or relevant turnover?

8. Is there merit in seeking the power to disclose to professional bodies cases where HMRC are satisfied that there has been persistent careless or incompetent behaviour?

9. What safeguards would be needed?

10. Could there be a wider role for professional bodies working with HMRC to ensure that a tax agent's past tax failings are remedied, and good standards adhered to in the future?

#### Chapter 5

1. Is a form of registration for tax agents needed in the UK?

2. What benefits for tax agents and taxpayers could a registration system deliver?

3. Would there be a benefit in defining 'tax agent' in legislation? Should such a definition distinguish: those who do not offer their services for reward, or those that are members of a professional body, and should different provisions apply to them?

4. How wide should the definition of tax agent be? Should it embrace lawyers, valuers, shipping agents, payroll bureaux, and others? If so, for which functions and in respect of which tax regimes?

5. What additional issues need to be considered in respect of tax agents who are not based in the UK?

#### Annex C

1. Are there any other international models that we should consider?'

The consultation document is available at [www.hmrc.gov.uk/consultations/index.htm](http://www.hmrc.gov.uk/consultations/index.htm)

#### APB/ASP

#### FRS 29: Amendments to Financial Reporting Standard 29 (IFRS7) Financial Instruments: Disclosures

The FRS 29 amendments result in enhanced disclosures about fair value measurements and liquidity risk. The ASB also updated the standard to reflect the IFRS 7 changes by incorporating credit risk disclosures for loans. Entities are required to apply the amendments to annual periods beginning on or after 1 January 2009.

Links to the amendments can be found at [www.uk.accaglobal.com/uk/members/technical/financial\\_reporting/what\\_new/](http://www.uk.accaglobal.com/uk/members/technical/financial_reporting/what_new/)

#### Bulletin 2009/2 'Auditor's Reports on Financial Statements in the United Kingdom

The Auditing Practices Board (APB) has published Bulletin 2009/2 'Auditor's Reports on Financial Statements in the United Kingdom'. The bulletin contains example audit reports and updates. The bulletin includes reports that apply for periods beginning on or after 6 April 2008 and ending on or after 5 April 2009.

Further guidance and links can be found

at [www.uk.accaglobal.com/uk/members/technical/audit/what\\_new/](http://www.uk.accaglobal.com/uk/members/technical/audit/what_new/)

#### Bulletin 2009/01 The Auditor's Reports - Supplementary Guidance for Auditors of Charities with 31 March 2009 year ends.

The APB has published Bulletin 2009/1 'The Auditor's Reports - Supplementary Guidance for Auditors of Charities with 31 March 2009 year ends. The bulletin covers accounting periods beginning on or after 1 April 2008 but before 6 April 2008 accordingly as the title states this will mainly be 31 March 2009 year ends. Examples for reports with accounting periods beginning on or after 6 April 2008 are expected later this year.

Further guidance and links can be found at [www.uk.accaglobal.com/uk/members/technical/audit/what\\_new/](http://www.uk.accaglobal.com/uk/members/technical/audit/what_new/)

#### Auditing Standards

The clarified IASs and ISQC1 have been exposed for consultation and comment by APB. Comment is being sought up to 22 July 2009. Links to the exposure drafts can be found at [www.uk.accaglobal.com/uk/members/technical/audit/what\\_new/](http://www.uk.accaglobal.com/uk/members/technical/audit/what_new/)

#### Other

#### Probate factsheets

In advance of ACCA's pending authorisation for practitioners to undertake probate work in England and Wales, ACCA UK has produced a series of probate factsheets. Many members have already requested the factsheets previously highlighted in *In Practice*.

The probate factsheets cover what is involved and are designed to assist members who wish to deal with estates.

The factsheets prove useful to ACCA members acting in a personal capacity as an executor who wish to undertake work themselves, or to assist lawyers in the administration of estates.

Register your interest in this service and to get a copy of the factsheets please email: [supportingpractitioners@uk.accaglobal.com](mailto:supportingpractitioners@uk.accaglobal.com)