Financial Accountant

The official magazine for The Institute of Financial Accountants

IFA INSTITUTE OF FINANCIAL ACCOUNTANTS® A MEMBER OF THE IPA GROUP

ifa.org.uk
March/April 2022

As the dust settles on the first period of **post-Brexit business**, we look at the options available to **operate successfully** with EU nations.

CHOOSING A PATH TO THE EU

CEO podcast | **MTD – all you need to know** | Staff retention | Trademarks

CONTENTS

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ANDREW CONWAY

Playing the confidence game

Examining the puzzle of motivation, career analyst Dan Pink points to a mountain of scientific evidence that traditional notions of management – carrot and stick - are great if you want compliance. But if you want engagement, self-direction works better.

I mention this as we enter our third year of a pandemic in which governments have heavily intervened in our lives – micromanaging everything from business opening hours to when, where and for what purpose we leave our homes.

This rollercoaster of regulation has left many business operators wondering how much more volatility they can absorb. How many more times can they flush valuable produce down the drain when the government introduces a snap lockdown on a Friday afternoon, just after they have stocked up for weekend trade?

The biggest risk for governments right now - whether it is the UK negotiating post-Brexit arrangements, or Australia heading to the polls for a Federal Election - is that citizens have 'tuned out', are disengaged.

That is a byproduct of change fatigue and a fundamental distrust in the institution of government. To establish or rebuild trust you first need to extend it. It is time for governments to trust us and let us self-direct.

Stay safe and keep in touch.

Professor Andrew Conway FIPA FFA
IPA Group CEO

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JOHN EDWARDS

Coming back to life

The easing of restrictions in the UK allows us to start to hold in-person events again. I am looking forward to welcoming members back to our conference - the first we have held since 2019. We are returning to the Royal College of Physicians in London on 26 May and to the IET in Birmingham on 23 June - go to **ifa.org.uk/conferences** to book your place. Also, in June we host the IPA delegation to the UK, which provides attendees with a well-rounded programme covering a number of international topics.

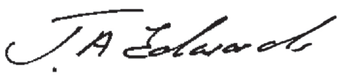
Covering a range of themes including grants, HR, marketing and funding, our new hybrid model of CPD commences with 60-minute webinars which have a UK and international focus. The popular quarterly tax series is back again in May, with the quarterly financial reporting update in July. We have streamlined the website, making it quicker and easier for you to find the event you are looking for. I encourage you to look at what's on offer at **ifa.org.uk/cpd**.

Work to create the new IFA/IPA benevolent fund continues. The application has been submitted to the Charity Commission for approval and more details will be sent to you in the coming months about how the fund will support members by providing practical, emotional, and financial support whenever it is needed and how you can become involved.

Thank you to all of you who completed the member survey. Your feedback is vital for us to understand the challenges you face, which helps us improve the range of services and products we provide. We had an excellent response and are in the process of collating the results which we will share with you later in the year.

A final reminder about renewals. For those of you still to pay your outstanding fees or complete your mandatory member and/or firm return, please don't leave it to the last minute. Reinstatement to membership costs £160 and as per the IFA's sanctions guide, the starting sanction is a £1,000 fine from the regulatory committee plus costs for failure to submit your return.

John Edwards FFA FIPA
IFA CEO



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> **I am looking forward to welcoming members back to our conference - the first we have held since 2019**

Illustrations: Sam Kerr/Paul Ryding

EDITOR'S COMMENT

KEVIN REED

Working in a world of contradictions

What always strikes me about collating and curating statistics, research and stories for *Financial Accountant* is how they can be used as a crude barometer for the world's financial 'health' - or at least sentiment towards it.

This issue has had me scratching my head a bit. I've never seen such a striking contrast in information as I have in recent weeks. Some of it has struck me with its symmetry. Pages 8 and 9 contain stories about a desire to invest in tech, products, services and people - whether the smallest businesses or represented as the desire of global CFOs.

Some of the data, including that on page 7 opposite, is markedly clashing. I have never had so many press releases and reports that contradict - particularly around the mood and concerns that small businesses have.

Some of the information is presented to show the struggles and worries of owner managers, burdened with debt and uncertain about how they can win in their own market, let alone find new ones. And then there is, as I previously mentioned, a mood of optimism and desire among many, certainly as the Covid gloom lifts.

Of course, the creators of information have ways of making its message tell the truth they want it to be. The irony is, as accountants, you have the weight of expectation to present such information on a daily basis. I hope, and would expect of IFA members, it is the appropriate information - relevant, valuable and honest - that you strive to impart.

WHO SAID THAT?

"Face-to-face contact is key to building rapport, social links and community. By working remotely and having less face time, some of this... has been diminished"

Turn to **page 18** to find out

NEWS IN NUMBERS

£27BN

Amount of **unpaid overtime** workers provided in 2021.

Source: TUC

12.5 MINUTES

Average waiting time to **speak to HMRC**, up from 11 minutes in 2021.

Source: untied

3

The average **number of jobs** that temporary staff **hold in a standard month**.

Source: Indeed Flex

2,000

Number of UK millennial and Generation Z millionaires in 2018/19.

Source: Bowmore

£12.9BN

The **UK's capital gains tax bill** in the last year (to 31 January 2022), up from £10.8bn in the previous year.

Source: UHY Hacker Young

93%

Percentage of small businesses that say chancellor **Rishi Sunak is failing to do enough** to support them.

Source: Not On Amazon

6.3%

Median monthly **UK pay up by** 6.3% in January 2022, and up **10.3% on pre-pandemic levels**.

Source: ONS

11.9%

UK **retail sales surge** in January.

Source: BRC/KPMG Retail Sales Monitor

44%

Percentage of **UK office staff** who say they sometimes or often feel **'burnt out'** due to work.

Source: Just Eat for Business

39%

Percentage of small business owners who state they are **'passionate'** about making their business **more sustainable**.

Source: takepayments

79%

Percentage of accountants working a **four-day week**

Source: FreeAgent

NEWS

ECONOMY

Pre-pandemic profits loom for small business

A RETURN TO PRE-PANDEMIC profitability is on the horizon, according to UK SMEs.

Research by Sage has found that smaller businesses are looking to push on with growth plans. Some 79% expect profitability to hit levels from before Covid within the next 12 months, while 43% expect to hire more people in 2022 and see a revenue increase.

However, a quarter see rising costs as the biggest risk to their plans. They want government

support to contribute to their growth targets.

Sage Group CEO Steve Hare said: “SMBs have demonstrated incredible resilience throughout the pandemic. But their confidence cannot be mistaken for invincibility.

“The government must do more to safeguard their prosperity against a backdrop of continued uncertainty and rising costs - or we risk forcing them to choose between protecting their people or protecting their profits.”

The research, undertaken on Sage’s behalf by Portland Communications, also found that 56% have become more reliant on technology since the pandemic struck, while 44% expect to invest more in the next 12 months.

66%

of SMEs believe they’ll **be able to meet their staffing needs** in the next year.

Source: Sage

ON YOUR BEHALF

IFA IN THE NEWS AND OUT AND ABOUT

PUBLISHED COVERAGE:

Accountancy Age
Bolster anti-money laundering protocols or face suspension, IFA warns
→ **tinyurl.com/ifa-7707**

What are the key accounting industry trends to watch out for in 2022?
→ **tinyurl.com/ifa-7709**

2021: How the sector adapted to change and uncertainty
→ **tinyurl.com/ifa-7717**

Making a quality suspicious activity report
→ **tinyurl.com/ifa-7715**

SME Today
Proposed basis period reform ‘costly and complicated’ for SMEs
→ **tinyurl.com/ifa-7721**

Accountancy Daily
HMRC suspends tax agent codes over money laundering breaches
→ **tinyurl.com/ifa-7723**

The eco accountant: environmental sustainability
→ **tinyurl.com/ifa-7725**

The Accountant online
IFA: Submit HMRC AML supervision evidence now or face code suspension
→ **tinyurl.com/ifa-7727**

Accountancy Today
IFA Year in review: a positive reflection, despite tribulations
→ **tinyurl.com/ifa-7729**

The big tech opportunity awaiting the sector
→ **tinyurl.com/ifa-7751**

REPRESENTATION
We responded to two HMRC consultations: Income tax self-assessment registration for the self-employed and landlords; and Modernising tax debt collection from non-paying businesses.
→ **tinyurl.com/ifa-7901**

The business development team have taken part in careers events at Birmingham City University and Anglia Ruskin University.

The business development team will be exhibiting once again at Accountex, ExCeL London 11-12 May. Members can book a free ticket at:
→ **tinyurl.com/ifa-7903**

We were represented at the following during January-February:

- HMRC Agent Support Group
- HMRC Compliance Reform Forum
- HMRC Charter Stakeholder Group
- Accountancy Intelligence Sharing Expert Working Group

AROUND THE WORLD
In-country meetings, online networking events and CPD webinars took place in the following countries: United Arab Emirates; Pakistan; Saudi Arabia; and Bangladesh.

DIGITAL

Further digitisation the aim, say finance chiefs

A SIGNIFICANT TRANCHE OF finance functions across Europe state they have added digitisation into all their major operations.

Rydoo's survey of 403 finance leaders, across Europe, found that key finance tasks had been digitised by some 38%. Swiss, UK, and German finance directors were most bullish about the level of digitsation, however only 8% of French finance chiefs said their functions were digitised.

Half (50%) said they saved between five and ten hours of work time per week by using expenses management technology. Timely and correct invoicing is the highest priority for finance chiefs, but transitioning to new tech – alongside IT security concerns – were the big challenges to further automation.

"Our latest research shows the significant strides made amongst European finance teams to digitise key functions of their departments and achieve greater accuracy and efficiency," said Rydoo CEO Sébastien Marchon. "However, it is clear that more has to be done in order to maximise the full benefits of digitisation for both employees and the business."

INVESTMENT

CFOs pushing to invest in skills and IT

FINANCE LEADERS across the economy are looking to invest to grow, according to findings in the latest Deloitte CFO survey.

Its Q4 2021 research found that finance chiefs see an increase in capital investment (37% of respondents) as a top priority for the business in the next 12 months.

Expansionary strategies, new products and services, new markets and raising investment were also on their to-do list. Some 94% of CFOs questioned said their business would invest in digital tech, with 77% citing investment in workforce skills over the next three years.

"It is a measure both of the remarkable snap-back in activity from the pandemic and the scale of the challenge today that CFOs rate labour shortages as the greatest risk to business," said Deloitte chief economist Ian Stewart. "This is ahead of even the pandemic, in second place. Strikingly, the worries that dominated the risk list in recent years - above all Brexit and weak global growth - have dropped sharply down the risk rankings."

Images: iStock, Noun Project

NEWS IN BRIEF

The bigger, the more flexible

Some 79% of accountants are seeing an increase in flexible working post-pandemic, according to research by FreeAgent. Larger firms (76-250 staff) are twice as likely to have hybrid working policies compared to 34% of smaller practices (0-40 staff). The report also flagged up other trends: 52% of accountants said 'strategic identification of growth opportunities' would be the top skill for accountants to learn in the future.

A third (33%) said 'gaining an understanding of new technology' was the most important factor for future-proofing the role of the accountant.

Overtime goes unpaid

Some £27bn of free labour was received by UK businesses in 2021, by workers undertaking unpaid overtime, according to research by the TUC. Teachers, and people working from home, were the most likely to work without pay.

Conflict will drive inflation

The surge in energy prices triggered by the Russia-Ukraine conflict will drive inflation beyond 8%, generating the worst squeeze on household living standards since the second world war, warns Samuel Tombs, chief economist at Pantheon Macroeconomics.

Self-employed getting their heads around MTD

Awareness of MTD for income tax self-assessment taxpayers has crept up among the self-employed, according to untied's confidence tracker. More individuals (27% vs 17%) are 'somewhat aware' of MTD in January 2022 compared with November 2021.

Landlords suffering

The changing regulatory landscape has left landlords dizzy. Some 27% don't understand the regulations affecting their market, while a third are finding it stressful. Some 26% have taken time off work due to the pressures, according to statistics from Direct Line.

NEWS

FRAUD

Covid drives up smaller frauds

THERE ARE MORE FRAUD CASES in the UK but cyber criminals are taking less, according to the latest KPMG Fraud Barometer.

In fact, there weren't any high-value fraud cases over £50m last year, rather it was the lower-value crimes that increased.

Fraud cases worth between £100,000 and £5m rose to 285 in 2021 at a value of £178m. This was up from 164 in 2020 with a value of £100.3m.

The number of alleged fraud cases heard in UK Crown Courts in 2021 went up by 66% compared to the same time in 2020 and KPMG's figures found 298 alleged fraud cases were heard during 2021 (up from 180 in 2020).

Yet, the opposite trend was seen in terms of fraud value: the Fraud Barometer figures, which record alleged fraud cases with a value of £100,000 and above, saw the total value of fraud reaching UK Crown Courts in 2021 fall significantly to £444.7m in 2021, from £724m in 2020.

KPMG found perpetrators of fraud continued to take advantage of the general public. In 2021, 93 cases of fraud were committed against a member of the public, to the total value of just under £116m, compared with 39 in 2020 totalling £33.3m.

The data exposed a significant increase in the number of cases heard in UK Crown Courts pertaining to account takeover or payment transfer fraud. The volume of this type of fraud increased by 288%, from eight cases in 2020 to 31 cases in 2021.

ANNE DAVIS

Farewell and best wishes to Anne Davis

AFTER SIX YEARS AT THE IFA, Anne Davis, head of professional standards, is moving on.

During her time with us, Anne has worked tirelessly on several significant projects which have included: establishing a robust AML review system; enhancing the disciplinary process; establishing our regulatory process; rewriting the bye-laws; and producing new regulations.

She has been instrumental in helping to raise quality standards of members and member firms, led on our work with OPBAS, responded to countless consultations, written many articles as well as representing the IFA at a very wide range of meetings and fora which have included HMRC, HM Treasury and many others.

Anne's dedication and commitment have been exemplary throughout and she has played an important role in helping me to develop and grow the standing and recognition of the IFA.

Anne is taking up fresh challenges as head of AML at RSM. We wish her great success in her new role and thank her for her unstintingly hard work.

John Edwards, CEO, IFA

NEWS IN BRIEF

Engagement letters updated

Our suite of engagement letters has been reviewed and updated. If your engagement letters are more than three-years' old you should consider reissuing them in their entirety. Where they are more recent, we recommend that you produce an addendum to your existing letters and issue clients with revised terms of business and, if MTD is applicable, a revised schedule of services for VAT.

→ **ifa.org.uk/technical-resources/engagementletters**

Register now for unresolved historical banking complaints

The Business Banking Resolution Service is urging businesses with banking disputes that took place between 1 December 2001 and 31 March 2019 to check if they should register, via a quick online tool. The historical scheme will close for new complaints on 14 February 2023.

→ **thebbrs.org**

Tax facts card 2022

A pdf of the 2022 tax facts card can be downloaded from **financialaccountant.co.uk/magazine** in early April. UK members will receive a printed copy with the May/June edition.

Directors' responsibilities update

Companies House has provided an update on guidance for accessing certificates of incorporation, certifying document copies and a reminder on directors' responsibilities.

→ **tinyurl.com/ifa-7703**

Watch out for job scams

The potential for job scams is rising, so a new project is helping individuals spot if they are being scammed.

→ **tinyurl.com/ifa-7705**

'Tinyurls' explained

The 'tinyurl' web address at the end of some news items and elsewhere in the magazine are short aliases for longer addresses. Type the tinyurl address in your web browser and press 'return' to go to the relevant website for more information on the news item.

Tough December

Despite positive noises from business leaders, the December 2021 ONS stats revealed a net 6% of businesses reported a decrease in turnover – the largest net decrease since April 2020. High Streets Task Force expert Dr Jackie Mulligan, and founder of ShopAppy, said: "The Omicron variant decimated trade in December for countless small businesses and this data is yet more evidence of that."

International expansion on the horizon

Appetite is growing among UK businesses to explore new territories, according to research by Auxadi. Some 97% of more than 100 global businesses questioned were planning to expand by the end of 2023.

Covid loan defaults a big issue

The several bllion pounds of Covid loans written off by the Treasury may be eclipsed by businesses failing to pay their CBILs and BBLs, warns Azets restructuring partner Duncan Swift. Some £73.8bn has been loaned under the two schemes, and Swift predicts as much as £20bn will be defaulted.

Households feel the squeeze

The high post-lockdown spending combined with cost-of-living pressures is set to see UK household savings rate decline to pre-pandemic level, according to PwC's Key Trends in 2022. The report predicts that the UK household savings rate is set to fall by 70% (or £4,000 less) on average compared to the highest levels during the pandemic, and will fall to an average rate of around 6% of household income, or even further if downward pressures continue.

Increased duties become a custom

Customs duties paid by UK businesses have jumped 64% to a record £4.5bn in the year to 31 January 2022, up from £2.9bn in the previous 12 months. This could rise further following changes to the 'Rules of Origin' requirements that came into force on 1 January 2022, warns UHY. The rise comes as post-Brexit increases in customs duties begin to bite for businesses and consumers.

Images: iStock

OFFICE OF TAX SIMPLIFICATION

Tax simplification review launched

THE OFFICE OF TAX Simplification (OTS) has published a scoping document outlining how it intends to review its "interpretation and approach to tax simplification" following HM Treasury's five-yearly review of the OTS released in November 2021.

The scoping document says it will "articulate the OTS's interpretation of and approach to 'tax simplification' [and] develop a framework of principles and approaches to inform the work of government on tax simplification", as well as "guide the work of the OTS and help set its priorities". It will do this while taking into consideration the present political and economic context the OTS operates in, including any "anticipated or potential changes in the economy, society, business or the labour market" as well as any anticipated or potential changes to the tax system and its operation and perception.

The OTS also intends to evaluate the benefits of simplification and practical ways to achieve and measure this, and "explore the range of ways in which tax complexity is experienced and the impacts it can have on individuals, businesses, agents, HMRC and the economy."

The OTS invites comments on its scoping document by 3 April, and says it will publish its report after consultation with a range of stakeholders in spring 2022. The scoping document can be found at:
→ **tinyurl.com/ifa-7701**

HMRC

Non-fungible tokens seized in 'first-of-a-kind' asset raid

Customs have seized three non-fungible tokens (NFTs), in what is reportedly the first asset seizure of its kind in the UK.

HMRC said that three people had been arrested on suspicion of attempting to defraud it by £1.4m.

The digital tokens were seized in a suspected VAT fraud.

The tokens are, effectively, 'certifications' of digital assets that can be bought or sold. Physical assets are 'one of a kind', whereas digital assets can be copied; therefore blockchain technology is used to rubberstamp the digital asset and allowing it to then be bought or sold as an original.

TRADING PLACES

Santhie Goundar provides an update on what SMEs need to know about doing business in, and with, the EU.

The rules governing the new relationship between the European Union and the UK took effect on 1 January 2021, with many British businesses finding post-Brexit trading with the EU challenging. A British Chambers of Commerce survey showed that, one year after the UK-EU Trade and Cooperation Agreement (TCA) was implemented, 45% reported difficulties adapting to changes in rules for buying or selling goods, rising to 60% for UK exporters.

Problems cited included additional customs procedures and checks (which required extra paperwork and caused delays), new requirements around goods' origin and VAT, staff recruitment and retention, and the Northern Ireland Protocol rules causing increased costs and administration.

With a 'perfect storm' that saw SMEs grapple with Brexit on top of Covid and the Suez Canal blockage adversely affecting global trade, Mazars business consulting director Helen Parker observes many have been in "crisis management" mode, but "crisis is 'business as usual' in many ways now". Those looking to set up or operate abroad need to be "strategic and rigorous" about it.

Despite any difficulties, the size of the EU market and potential for growth remains why SMEs might look to expand current EU operations - or start them in the first place.

Supply chains and presence

The first thing an SME considering expanding into the EU should do, Parker says, is to examine their supply chains and what exactly will be affected: "Are you moving goods? Are you moving people? Or are you providing services? There are different rules to consider if you're providing services than if you're importing or exporting goods."

Going through supply chains is important, agrees BDO indirect tax partner Glyn Woodhouse. "In each supply chain a business has, it's worth examining if there are any problems with that supply chain, or anything that could potentially cause problems," he says.

Brad Ashton, customs and international trade partner at RSM, says the biggest pitfall for businesses trading in the EU is a lack of preparation, or expecting things will operate as they did prior to Brexit. This is not the case, as import and export declarations are now required.

"For businesses that haven't prepared for this change, it's likely this will have caused significant

REASONS TO ESTABLISH AN EU PRESENCE

1. **Regulatory barriers**
According to Grant Thornton head of operational consulting Oliver Bridge, businesses still wishing to use Conformitè Europëenne (CE) marks "need an EU address for communication, whether as an authorised representative or an established business/legal entity".
2. **Customs barriers**
For B2C businesses sending many lower-cost items to Europe, Bridge says, "typically each package needs a declaration of over £40 per package – meaning many deliveries aren't economical" from a customs perspective. Some have therefore set up EU warehousing operations "to receive consolidated loads from the UK and forward on individual packages".
3. **People and mobility issues**
The end of free movement saw the rights of UK nationals change. "To avoid... challenges around navigating individual member state immigration regimes and potential visa requirements, some businesses are setting up European entities and staffing them with EU nationals," Bridge observes.

delays in getting products to EU customers," Ashton says."When trading in the EU, businesses need to understand the pressures their suppliers and customers are facing, so it's crucial they consider how their supply chain should look.

"Quite often, businesses believe establishing a business in the EU is required to be successful - but it's possible to successfully trade in the EU for most without having an established business there," Ashton adds, although some will need to establish an EU presence such as a branch or subsidiary company where, from a product regulatory perspective, the trading business

Image: Getty Images

is required to have an EU location. Others can appoint EU-based agents or representatives to handle certain aspects of their business.

Different types of presence attract different tax issues - and not just for customs duty and VAT - but Mazars international tax partner Catherine Hall cautions that tax should not drive expansion: "Look at your business strategy over the next five years, and how to achieve your aims," she says. Her colleague Helen Parker advocates a "rigorous approach analysing whether the decision to trade in the EU is the right one".

> **"It's possible to successfully trade in the EU for most without having an established business there"**

Customs and VAT

While some of the changes, particularly around imports and exports, are more onerous and more complex, the good news is that "the dust has settled," says Parker - observing that in the early days of implementation in 2021, there were queues at the borders for moving goods and "not a lot of support or guidance to turn to".

There are now two documents that have to be filed with border forces in both countries: the export declaration and the import declaration. The two have to be matched otherwise you can't move your goods in the port across, Glyn Woodhouse explains. Businesses can get an agent to file on their behalf, but SMEs "need to remember that they are still responsible for that declaration, for the accuracy of the information declared, not the agent".

For B2B SMEs it's also critical to know which party is responsible for making the export and import declarations because whoever the importer is will also pay the VAT, Woodhouse adds. VAT on smaller transactions may be able to be declared through the EU's Import One-Stop Shop (IOSS) but "at the moment, you need to have a European establishment to help you file that".

While the TCA relieves customs duties on most goods originating in the EU and/or the UK, Woodhouse says issues can arise under the new rules of origin, especially where the origin or valuation cannot be easily determined. He advises SMEs should "not assume the TCA means there isn't any customs duty to pay," adding: "Do not assume that sales to Northern Ireland, or through Northern Ireland, are going to be treated in the same way - care needs to be taken."

People and data

Movement of data is also a big consideration under GDPR, Helen Parker says, "but over time, the UK and the EU might start to adopt new regulations on data - if you are trading across borders, you need to consider the data you're moving across those borders as well, especially if you might set up abroad." As the world opens up post-pandemic, and people start travelling abroad for business, we may see global mobility issues - "scenarios where CEOs get stuck at the border" due to visa issues, or, as Catherine Hall points out, personal tax issues being triggered by number of days in a country. Being able to track employees' movements and have policies in place will be important, Hall says. FA

Santhie Goundar *is a freelance journalist*

WAYS TO EXPAND INTO EUROPE

1. **Outsourcing**
   The "light-touch method" is one way to expand into Europe, Grant Thornton's head of operational consulting Oliver Bridge says. Firms or individuals can be appointed to conduct key processes or practices on a business's behalf, e.g. a fiscal representative for VAT. "This gives the benefit of local expertise without needing to formally establish in a country - like renting rather than buying."
2. **Establishing a basic presence in an EU market**
   This "might include setting up a branch of your company overseas, or obtaining an EU Economic Operators Registration and Identification number (EORI) number, or VAT registration," Bridge says.
3. **Full overseas operation as a European company**
   "This enables you to conduct your business from a foreign base with full regulatory entitlement," Bridge says. "Though this gives the greatest access to market, it does come with increased regulatory and reporting requirements."


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WHAT'S IN A NAME?

Managing trademarks and is a less-than-glamorous, but vital, part of branding strategy. **Stephen Lynch** looks at how this area has become more complex following Brexit.

Intellectual property is one of the most important and valuable commercial assets, so protecting it is key to successful growth and profitability. Trademarks are a type of intellectual property that businesses often use to protect their logo, business name and brand.

Brexit has led to changes in the UK legal landscape. Its legislation and case law were entwined with the EU and it seems likely that parallels will remain for many years. However, for intellectual property, one immediate change introduced within the withdrawal agreement was in trademark law.

Brexit has had a profound impact on IP, requiring brands to register trademarks and design rights in the UK and the EU separately if they operate in both jurisdictions, whereas before an EU registration alone would have covered the UK.

With effect from 1 January 2021, owners of registered EU trademarks (EUTMs) and international trademarks designating the EU were automatically granted a new UK trade mark by the UK IP Office. The existing EUTMs and international trademarks will continue to provide trademark protection in EU member states.

Creating clones

This 'cloned' mark - also referred to as a comparable right - maintains the original EUTM filing date (and so has the same lifespan). In other words, once an EU trademark is revoked or has expired, the equivalent UK trademark will also cease.

For those EU trademarks which were granted equivalent UK trademarks, they are considered to have been in use in the UK before 1 January 2021. This prevents holders of those EU trademarks from being penalised retrospectively for not having used their EU trademarks in the UK. Under UK law, a national trademark that has not been used for five years can be challenged more easily.

Correspondingly, UK trademarks fail to be enforceable in the EU. But, EU trademarks granted in the UK before 1 January 2021 will continue to be enforceable in the EU.

If you have a UK trademark, you can also apply for an international trademark to be designated, and therefore enforceable, in the EU.

UK businesses can still apply to the EU Intellectual Property Office for EUTMs or to the World Intellectual Property Organisation for international trademarks.

However, since 1 January 2021, owners of EU marks will need to put the mark to use in one or more EU member states to avoid the registration becoming vulnerable to revocation for non-use – use in the UK is no longer sufficient for those marks.

Finally, UK-focused applications haven't changed.

"The process for applying for UK trademarks, and the protection afforded by UK trademark remains the same post-Brexit," says Katie Harris, solicitor and commercial litigation specialist at Bevan Brittan. FA

Stephen Lynch *is a freelance journalist*

> **Brexit has had a profound impact on IP, requiring brands to register trademarks and design rights seperately in the UK and the EU**

Image: iStock

Northern Ireland – a custom(s) arrangement with the EU

The 2020 UK-EU Withdrawal Agreement has separated the control of trademarks between the UK and EU, creating a complex situation regarding Northern Ireland.

As is the case with customs, trademarks (and geographical Indications) in Northern Ireland are under EU law and regulations. That means a UK trademark applies to England, Wales, and Scotland but not to Northern Ireland. If you need a trademark for Northern Ireland, an EU trademark is required.

Monitor your trademarks

"Over one million UK comparable rights were created on EU-exit and the UK Intellectual Property Office's register nearly tripled in size when cloned marks were added. With so much trademark activity, it is vital that organisations put systems in place to monitor usage of their trademarks, and applications for marks similar to them, so that they can detect infringements and competing applications and act on them quickly."

***Helen Dobson** is senior associate in the commercial and technology team at law firm Boyes Turner*

From sales to brand to IP

"Brexit has given businesses a reason to take a step back and think about the way they operate. Some businesses I work with have given more thought to their global sales strategy, and in some cases accelerated it.

"It is important to have a strategy in place for protecting your IP across different jurisdictions. The ideal position is to have your IP protections and registrations in place – including trademarks, design rights, copyright – before operating. It is never too late to start thinking about IP. Having a robust strategy to protect your IP in place could save a lot of time, and money further down the line."

***Jowanna Conboye** is intellectual property and technology partner at Spencer West*

EXPANSIONARY IDEAS

In a world that feels as if it's got bigger, rather than smaller, post-Brexit, how can practices help support their clients' trade abroad? **Santhie Goundar** finds out.

Image: Getty Images

For any business, "operating overseas, expanding your business overseas, has always been an exciting and complicated time - and Brexit has definitely added to that in lots of ways [for British businesses]," observes Mazars international tax partner Catherine Hall. With the new post-Brexit rules that came into force over the past year or so governing business and people-related issues, operating and expanding into the EU - and its sizable market - is more complex and onerous than it used to be. So how can practitioners best support clients expanding into Europe?

The good news, Hall says, is that one year on, businesses and advisers have a better understanding of the parameters in which they are operating, as opposed to when the rules first came into force in 2021 and there was very little support.

"Practitioners should help clients navigate the changes, but in a methodical, structured way that's focused on the business," she advises. "Help your clients think about the issue of expansion from a strategic perspective - and encourage them to seek help and advice, even if that means they seek advice in each jurisdiction they will operate."

Her Mazars colleague, business consulting director Helen Parker, agrees: "As a practitioner, you definitely don't have to have all the answers - but make sure that you've asked your client the right questions, and that you understand the areas of the business that will be impacted," she says.

"Then you can go away and find out the answers, or work them out." The key areas practitioners need to help their clients look at are "the movement of people, the movement of goods and/or services, and the movement of data" and how these will be done or affected by any expansion into the EU, Parker adds.

While Parker advocates a comprehensive and rigorous analysis of whether to trade in the EU - and if so, which territory, and how any decision will fit into a business's aims and strategy for the next five years - Glyn Woodhouse, BDO indirect tax partner, says the first thing an adviser should look at is the client's supply chain.

Pinch points

Brad Ashton, customs and international trade partner at RSM, agrees. "When assisting clients who are trading abroad, it's important to establish the impact of the existing supply chains including the 'pinch points', which will help identify a more efficient supply chain," he says. "It's important to note each client scenario and supply chain is unique - what works for one seller and buyer may not work for another."

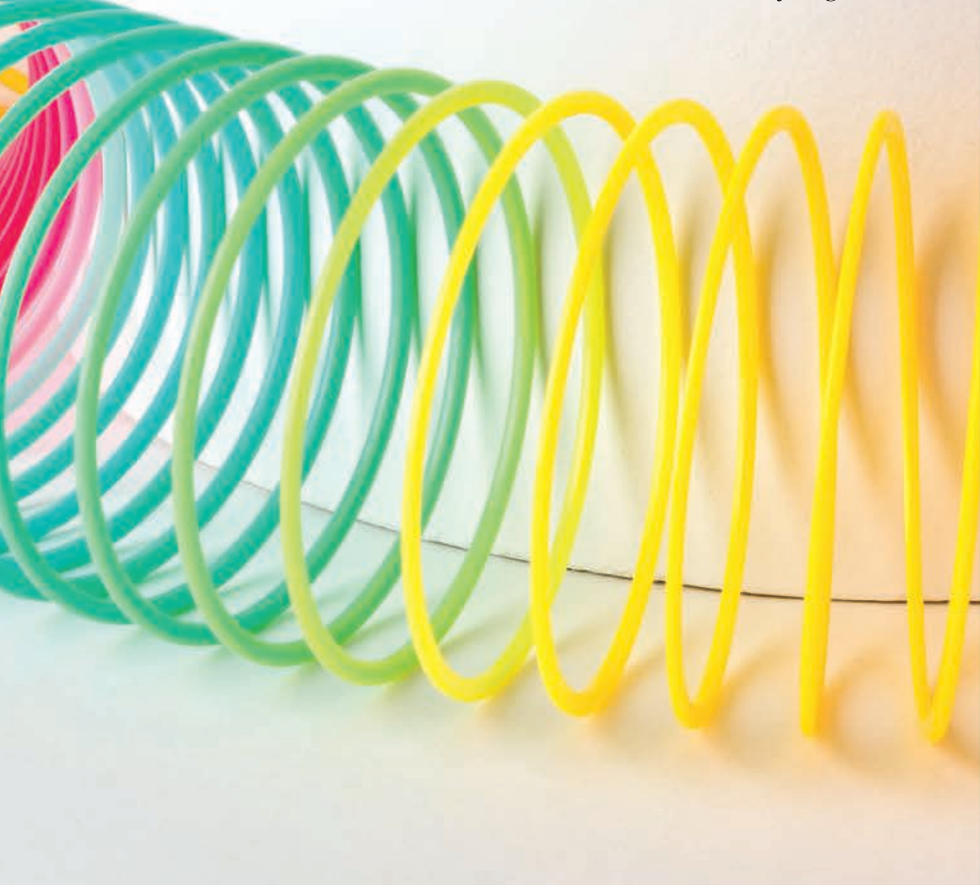
Businesses need to ensure their clients have sufficient documentation to demonstrate what happens, Glyn Woodhouse adds. "We need to guide our clients in having that documentation, and in being able to answer: Where did the goods come from? Where are they going to? What are the trade terms? Who is responsible for the VAT - and is there anything in the supply chain that might cause us problems? Who is going to be the importer and the exporter - and do the Incoterms [international commercial terms] or contract match that?"

Additionally, the issues and "pressures" faced by B2C and B2B clients are different, Woodhouse notes, and understanding that as an adviser is important - and that's before you consider the tax implications of your client's expansion into the EU, and not just from a customs duty or VAT perspective.

"The other thing an adviser needs to consider is the impact of other taxes," he adds. "For example, the rules of establishment are not exactly the same for UK corporation tax and VAT - and [that's before considering] sales to or through Northern Ireland, or even personal tax and employment issues."

An eye should be kept on any future changes that may come in, whether that's for EU-UK data regulations, or cross-border taxes, Helen Parker and Catherine Hall say. "All economies are trying to pay back all of the COVID incentives [their governments introduced], and so there's even more drive from governments to focus on compliance," Hall adds. "There will be an increased scrutiny on global tax compliance. Clients should seek advice, either from a UK adviser who's used to dealing with these issues, or obtain some local advice from the jurisdiction you're going to operate in."

But despite any potential pitfalls, Glyn Woodhouse is optimistic. "There is a massive opportunity here for practitioners to work with our clients and get closer to our clients, and understand what our clients' issues are and help them." FA



DELIVERED DUTY PAID (DDP) BASIS

Many businesses that took advice prior to Brexit opted to move their UK supplier to a DDP basis, according to Ashton, "which involves importing their products to the EU in their own name and then delivering the goods to the customer. This essentially recreates the process of shipping to EU customers pre-Brexit, as the customer is not required to get involved in the import/export process" - including for customs and VAT.

WHAT TO HELP YOUR CLIENT LOOK AT

- Examine supply chains, and any potential problems.
- Identify who is responsible for import and export declarations. If your client uses an agent to file, your client is still responsible.
- Identify who is responsible for VAT.
- Consider the movement of goods, services, people and data.
- Consider tax and legal implications of different business operations/ structures (appoint a representative/ agent, open a branch, or set up a subsidiary) in the EU jurisdiction.

Santhie Goundar *is a freelance journalist*

THE GREAT RESIGNATION

Small firms have less wiggle room if someone decides to leave. So, what does the Great Resignation mean for your practice?

The so-called Great Resignation marks one of the biggest job turnovers and salary growth in the US and UK in years. For many, this is a sign of robust economic health. But, for smaller accountancy practices, an unexpected resignation could cause huge challenges. So, what can small firms do to manage these situations?

Firstly though, let's set the context. Employees have been empowered to ask for a pay rise, changes in their working hours and/or for greater benefits. Research from MetLife shows that 54% of employees are considering leaving their job in the next 18 months and 59% will start looking for a new job if their work values aren't accommodated.

Salaries are set to rise by as much as 25% in the first quarter of 2022, as companies bouncing back after the Omicron-slowdown battle to retain their best staff, new research shows.

Professional services firms plan to raise their budget for pay raises by 10% to 15% this year - the largest increase seen since 2008 and almost three times the inflation rate, according to the Robert Walters 2022 Salary guide.

David Gormer, founder of Square Mile Accounting, says that changes in working patterns have contributed to loosening the bond between employee and employer. "Face-to-face contact is key to building rapport, social links and community. By working remotely and having less face time, some of this team spirit and affiliation with employers has been diminished," he explains.

"This breakdown of relationships lowers the barriers to resignation, as employees don't have these strong personal bonds and find it harder to keep up with the company vision and purpose. Switching therefore becomes more attractive, especially given the strength of the job market for candidates. The cost to small firms is significant, both in terms of lost client continuity, management time training new recruits and also recruitment fees."

According to Aon's Benefits and Trends Survey 2022, 41% of employers said they have found it more difficult to retain staff in the last year, while 44% have found it more difficult to recruit new staff.

Richard Morgan, principal, employee benefits, Aon, says: "The workplace is now a seller's market. Employees can be, and are being, more selective about who they work for."

The cost of losing valued employees is significant for any employer in terms of productivity loss and recruiting expenses, but for smaller firms it could signal the death knell. "It is important that organisations

Image: Shutterstock

don't become overly dependent on a small number of people," says ADP managing director Jeff Phipps.

Evidence shows that employers who offered staff great flexibility and meaningful work during the pandemic are less adversely impacted by the current employment phenomenon. But initiatives can be put in place to mitigate the threat of losing key people in your organisation. Working practices, firm structure, benefits and opportunities will all play a significant role in the considerations

MITIGATING THE GREAT RESIGNATION

- Develop an action plan to anticipate staff leaving.
- Regularly review and compare with peers your salaries and benefits. Don't wait for key staff to ask.
- Avoid becoming overly dependent on a small group of people.
- Develop networks with HR experts to nurture and develop staff, as well as potential employees.
- Offer relevant training and development programmes.
- Clearly articulate the business vision and values.
- Ensure robust and regular internal communication. Celebrate the victories.
- Offer flexible working with performance targets.

of employees and prospective employees in the current climate.

Hybrid working

Since the economy has reopened many employers have offered their staff the chance to permanently work from home, while others are offering hybrid working. Employees are certainly looking for greater flexibility to better balance their working lives - but many, especially younger generations, are keen to return to the cut and thrust of office life.

Many employers have taken the opportunity to cut property overheads by removing the need for a permanent office and instead opting for hiring co-working spaces to balance the needs of their employees.

Nikolas Kairinos, CEO and founder of AI experts Soffos.ai, says: "Enlivened by the opportunities brought on by remote working throughout the pandemic, more employees are keen to improve their work-life balance, with many also looking for more inclusive opportunities."

Purpose

Today's employees are also keen to know that a business has purpose and provides a societal benefit. Highlight your environmental and sustainable credentials and communicate these well to your workforce. There are many positive initiatives, such as volunteering days at local charities, that firms could implement without disruption to the day job but can boost employee loyalty and sense of wellbeing.

Use this opportunity to address diversity and inclusion in your business. More diverse teams make good business sense and improve business performance, evidence increasingly shows.

Looking ahead

High staff turnover drives up costs, reduces productivity and creates a vacuum in business culture. It is better to retain staff than to have to recruit new staff. Ensure there is a clear career path for employees at all levels, as well as internal and external training and development.

Set up a mentoring programme - this can be with a partner or an external executive coach. Encourage staff's business development ideas and give them ownership of initiatives.

Gormer concludes: "Owners of small firms need to face up to the fact that the working world has changed, with 71% of professionals preferring to work from home. A return to 'normal' seems unlikely. Therefore, strategies to change the way companies engage with employees are needed." FA

Michelle Perry *is a freelance journalist*

MAKING TAX DIGITAL: WHERE ARE WE NOW?

New Making Tax Digital projects are on the horizon. **Rebecca Cave** summarises the current position, and what is to follow.

The Making Tax Digital (MTD) project forms part of a wider ten-year plan to modernise the tax administration system (published in July 2020) and to make it fully digital. The anticipated benefits include: reducing the costs of collecting and processing tax data; reducing the tax gap; and making the mechanics of the tax compliance system more adaptable and resilient.

MTD has two interlocking sections: the data provided by taxpayers; and the processing of that data by HMRC to produce a tax liability, penalty or interest (sometimes all three).

For taxpayers, MTD means transforming their accounting records into a digital format, by recording data from business transactions digitally, which can be on a spreadsheet. The second MTD requirement is to process that data in a way that avoids manual intervention. HMRC says that taking 'human hands' out of the accounting data processing eliminates errors such as mistyped figures, data entered in the wrong box, and transactions omitted completely from the accounting records.

HMRC also asserts that digitalising accounting systems will bring efficiency benefits for businesses, which is supported by recent qualitative research sponsored by HMRC, on the small business experience of MTD for VAT.

Who comes into MTD and when?

MTD is being introduced tax by tax, not by business type or structure. Thus, MTD for VAT applies to all VAT-registered organisations, irrespective of their structure.

There are different MTD reporting requirements for different taxes, so the business may need to use a variety of software packages to submit the various MTD reports and returns.

VAT requirements

MTD for VAT has been with us for almost three years now, as most organisations which were compulsorily VAT registered (as their turnover exceeded £85,000) had to comply from a date in 2019 (see table below). The remainder of voluntarily VAT-registered businesses must join the MTD for VAT regime from their first VAT period that begins on or after 1 April 2022. The figures reported, and frequency of returns made under MTD for VAT, are exactly the same as those required for VAT returns submitted online or paper outside MTD.

The differences for MTD are:

- The data must be transmitted to HMRC via MTD-compatible software which includes an 'application programming interface' (API).
- Key information from transactions must be stored digitally in the accounting system.
- All parts of the accounting system must be digitally linked so the data is transferred to HMRC without manual copying, pasting or re-typing.

> **Each quarterly update will consist of the totals of income and expenditure for the quarter**

Income tax requirements

While MTD for VAT replaces the current digital VAT returns, MTD for income tax (MTD ITSA) will require the taxpayer to submit six reports per year as follows:

- Four quarterly updates
- One end of period statement (EOPS)
- One finalisation statement (also called crystallisation)

Each quarterly update will consist of the totals of income and expenditure (sorted into categories) for the quarter, pulled directly from the digital accounting records, with no adjustments made for disallowable items, allowances, losses or other accounting adjustments. The submission of the quarterly update, up to one month after the end of the quarter, simply proves to HMRC that the business is digitally recording its accounting data in a relatively timely manner.

After receipt of the quarterly update, HMRC will feed back to the taxpayer an estimated amount

Image: Getty Images

THE EXPECTED TIMETABLE OF MTD ROLL-OUT IS CURRENTLY:

MTD reports for periods starting on and after:	Applies to businesses which are:
1 April 2019 for VAT	VAT-registered with turnover of £85,000 or more and not deferred
1 October 2019 for VAT	VAT-registered with turnover over £85,000 who were deferred
1 April 2022 for VAT	VAT-registered with any level of turnover
6 April 2024 for income tax	Sole-traders and/or landlords with turnover over £10,000
6 April 2025 for income tax	General partnerships with turnover over £10,000
To be advised for income tax	Complex partnerships; LLPs and partnerships with corporate members with turnover over £10,000
Not earlier than 1 April 2026 for corporation tax	Companies and all bodies that pay corporation tax

of their tax liability for the period, probably through the online business tax account. The taxpayer doesn't have to do anything with this information, as it doesn't create a tax liability.

The annual accounts for the business, as currently reported on the self-employed section of the tax return, will be submitted to HMRC on the EOPS by 31 January after the tax year end. This report will include all the accounting adjustments for the year, but there is no requirement to tie the EOPS to the figures reported in the quarterly updates.

The finalisation statement is the replacement for the current self-assessment tax return and is used to calculate the tax liability for the year. It will include the taxable business income from the EOPS and all other income, gains and claims which need to be reported for income tax.

> **Preparation of clients and accountancy practices is key, and the choice of software will be central**

The finalisation statement will have to be submitted by 31 January following the tax year end, the same deadline as the current tax return, but there will be no option to submit a paper tax return instead. All the MTD ITSA reports will have to be submitted using MTD-compatible software, but this could be a combination of API-enabled spreadsheets and other tax software.

Change to tax year basis

In order to facilitate MTD ITSA, from 6 April 2024 all unincorporated businesses (including partnerships) will have to report to HMRC their income and expenses as they arise exactly within the tax year, i.e. on a tax year basis.

Accounting periods ending on a date between 31 March and 4 April will be treated as if they end on 5 April, with income and expenses arising after the accounting period end allocated to the next tax year.

A business is not required to change its accounting period to the tax year, but if it doesn't, an apportionment of profits or losses will be required from two sets of accounts, in order to complete the annual EOPS, for each and every year.

To ensure that no profits or losses fall out of assessment, the period of assessment to be taxed in 2023/24 will start immediately after the end of the basis period for 2022/23, and end on 5 April 2024. Where the accounting period does not end on 5 April, this results in a long basis period, which is then divided into two notionally separate basis periods:

A Standard: the first 12 months (i.e. the normal basis period)
B Transitional: rest of the basis period to 5 April 2024 less overlap relief

If the result from period B is positive, the net profits are spread equally over five years from 2023/24 to 2028/29, but the taxpayer can opt out of this automatic spreading if they wish to. If the result of B is negative, the loss is set against the profits in period A and any surplus loss is treated as a terminal loss, as if the trade had ceased on 5 April 2024.

New penalty regimes

Another feature of MTD, for all taxes, is the introduction of two new penalty regimes for late filing of MTD reports and late payment of the taxes due under MTD. These new penalty regimes are expected to come into force from these dates:

MTD regime (as announced so far)	New penalties to apply from:
MTD for VAT	1 January 2023
MTD ITSA (sole traders)	6 April 2024
MTD ITSA (general partnerships)	6 April 2025

Way forward

There is much to learn about MTD, the move to assessing profits on the tax basis, and the new penalty regimes, all of which I have only touched on in this article.

Preparation of clients and accountancy practices is key, and the choice of accounting and tax software will be central to a smooth transition. Unincorporated businesses which are moving into the MTD for VAT regime from April 2022 should look ahead to assess what they might need under MTD ITSA from 2024. FA

Rebecca Cave *is a freelance journalist and director of Taxwriter*

IFA INSTITUTE OF FINANCIAL ACCOUNTANTS®
A MEMBER OF THE IPA GROUP

Welcome to new members & new fellows

We welcome new IFA members who joined in January/February and congratulate our new fellows

New members

- Mr Danish AFA MIPA
- Mr Sakiru Adenoun AFA MIPA
- Mr Tabish Afridi AFA MIPA
- Mr Maqsood Ahmad AFA MIPA
- Mr Nabeel Ahmad AFA MIPA
- Miss Shaleen Ahmad AFA MIPA
- Ms Qurat Ain AFA MIPA
- Mrs Rehana Akhter AFA MIPA
- Mr Suhail Ali AFA MIPA
- Mr Syed Ali AFA MIPA
- Mrs Adetola Alli-Lawal AFA MIPA
- Mr Adnan Altaf AFA MIPA
- Mr Zeeshan Ameer Ali AFA MIPA
- Dr Rachel Andrews AFA MIPA
- Mr David Asiedu AFA MIPA
- Mr Dewvansh Aubeelauck AFA MIPA
- Mr Mohamad Inoua Bagobiri AFA MIPA
- Mr Talha Baig AFA MIPA
- Miss Nida Bashir AFA MIPA
- Mr Oshan Batuwatta Vidanalage AFA MIPA
- Mr Abul Bhuyan AFA MIPA
- Mr Moosankutty Chappantakath AFA MIPA
- Mr Paul Child AFA MIPA
- Mr Eugenio Contarini AFA ATA
- Mr Oluwafemi Dada AFA MIPA
- Mr Jake Daniels AFA MIPA
- Mr Muhammad Furqan AFA MIPA
- Mr Upul Priyantha Gallage AFA MIPA
- Miss Maharukh Ghori AFA MIPA
- Mr Mohamed Ghouse AFA MIPA
- Ms Lisa Gibson AFA MIPA
- Mr Jasprit Grewal AFA MIPA
- Mr Mohamed Haridi AFA MIPA
- Mr MD Mahabub Hasan AFA MIPA
- Mr Zullsaif Hassan AFA MIPA
- Mr Zulfiqar Hussain AFA MIPA
- Mr Ali Imam AFA MIPA
- Mr Muhammad Ishaq AFA MIPA
- Mr Muhammad Janjua AFA MIPA
- Mr Imran Javaid AFA MIPA
- Mr Md Ehsanul Kabir AFA MIPA
- Mr Amah Kalu AFA MIPA
- Mr Diarmaid Kelly AFA MIPA
- Miss Adeline Kong AFA MIPA
- Mr Michael Konjah Jnr. AFA MIPA
- Mr John Kpenyi AFA MIPA
- Mrs Sharon Lawal AFA MIPA
- Mr Bilal Majeed AFA MIPA
- Dr Emmanuel Mintah AFA MIPA
- Mr Mohamed Hashan Mohamed Mahir AFA MIPA
- Mr Mohammed Mifras Mohammed Hairas AFA MIPA
- Mr Furqan Muhammad AFA MIPA
- Mr Shahid Munir AFA MIPA
- Mr Shahidali Nadukkandi Methal AFA MIPA
- Mr Sreekanth Nandakumar AFA MIPA
- Mr Kulabalasingham Nirmalan AFA MIPA
- Mr George Osei AFA MIPA
- Rev William Owiredu AFA MIPA
- Mr Philemon Payne AFA MIPA
- Mr Matee Qureshi Hashmi AFA MIPA
- Mr Md Rezwanur Rahman AFA MIPA
- Mr Arunpirashath Ramalingam AFA MIPA
- Mr M A Hakim Roman AFA MIPA
- Mr Safiriyu Safiriyu Rosenje AFA MIPA
- Mr Fathi Saleh AFA MIPA
- Ms Afifa Shafique AFA MIPA
- Mr Md Nejim Uddin AFA MIPA
- Mr Mayank Vashishtha AFA MIPA
- Mr Prince Yeboah AFA MIPA
- Mr Amer Younis AFA MIPA

New fellows

- Mr Sohail Adam FFA FIPA
- Ms Maksuda Begum FFA FIPA
- Dr Joseph Chenchehene FFA FIPA
- Mr Ahmed Effendi FFA FIPA
- Mr Adeyemi Ladejobi FFA FIPA
- Mr Muhammad Moazzam FFA FIPA
- Mr Thaha Mohiyudeen FFA FIPA

New provisional associate members

- Ms Cicily Asetre
- Mr Muhammad Yousuf Darya
- Miss Basoz Mahmoud

THE BIG INTERVIEW

IPA chief executive **Andrew Conway** and IFA CEO **John Edwards** discuss how the two associations are working together to remain a pillar of stability in increasingly uncertain times.

Q What have been the biggest challenges you've faced during the pandemic?

A **John Edwards (JE):** It is now over two years that we have been in this uncertain environment. Back in March 2020 we were directed to work remotely, and we did it quite easily from a business point of view. We were up and running and trying to keep business going as usual. It was extremely important that we carried on that way because our members needed our support.

At that point in time our members in practice serving small businesses were facing major uncertainty. There was panic among small businesses. We quickly established a member support function, which meant members could receive general advice.

It has been a period of constant pressure for accountants and small businesses in the UK. When I look at accountants across the world, I see them as being right on the front line by helping small businesses.

Andrew Conway (AC): Even before the pandemic in Australia we had the challenge of floods and bushfires that had plagued an entire swathe of the continent. There are still communities in temporary accommodation because of those bushfires back in 2019.

Amid all this uncertainty, the challenge for us has been in uniting to provide that backbone of support to the small business owner or operator going to work each day and looking to their accountant for advice. And that advice has broadened from tax and cash flow advice to wellbeing advice. We work very closely with clinical support services, and it has become one of the most important services we offer.

Accountants often must shoulder the burden of their small business clients while also keeping their own business running. From an IPA Group point of view, we have tried to make sense of a very complex situation and consider how we respond, how we recover and how we reimagine our role as a professional body and the role of the accountant going forward.

JE: The importance of wellbeing shouldn't be underestimated. In the early days of the pandemic, it was a case of accountants just getting on with things and future proofing their clients' businesses. But it takes its toll. I have seen that in the last few months with our practising members in the UK. We very much need to be looking at this and providing whatever help and support we can.

Q Is there an opportunity for practices to reimagine their offering, considering the increased services they now provide to small businesses?

A AC: It is interesting to see what is emerging from our vantage point as the IPA Group. There are exciting developments among practices in Australia, the UK, China, Malaysia, and Hong Kong.

In Australia we are really reimagining the role of the accountant. The profession is really considering those new things that accountants will be doing and I think the rapid evolution of sustainability reporting is where there is huge opportunity. It now exists for smaller practices to get into this space. Accountants willing to look into sustainability reporting could completely revolutionise their practice.

Globally, less than half of sustainability reports produced are being assured. That needs to change, through more people offering sustainability assurance.

Q What are some of the biggest policy issues you are working on at the moment?

A JE: In the UK, we have been deluged with many consultations regarding our tax system. We have moved over to MTD, which has been a 'phased-in' process. There are still a few stages yet to be implemented [see page 22 for more]. There are some 11 or 12 consultations we have undertaken in a short space of time. That involves getting them out to members and ensuring our members have a voice and can provide input into these consultations. It is important that their clients have a voice as well.

AC: In the US there is an organisation called the Small Business Administration (SBA). It was set up after the Second World War to help small businesses get funded, receive information or access knowledge about regulation. It was a single port of entry. It is a very significant agency.

In Australia, small business regulation is ridiculously complex. A café owner requires a permit from their local council to put a sandwich board outside their shop, their payroll tax is administered by the state government and workplace relations are regulated by the Commonwealth. It is nonsensical.

We are advocating for a single agency to take all those elements of small business administration in one spot. We will be building a case for an agency like the SBA in the US.

> **Accountants are right on the front line by helping and supporting small businesses**
>
> John Edwards

Q What will the role of the IPA Group be moving into 2022?

A JE: A few months ago, I would have said that we had broken the back of Covid. Where do I stand now? With the new variant, it is becoming a much bigger issue than we initially expected. There is a massive rollout of the booster shot. It is going to be an interesting period. I remain optimistic.

We will have to learn how to live with this pandemic. For the IFA, it is 'business as usual'. We are back to working remotely. The government recently directed that people should work from home. I think 2022 will put further pressure on our members.

Whether the government has the capacity to provide any additional support to businesses I really do not know. Speaking from an IPA Group point of view, we are there to help and support our members and I know they do the same for their clients.

AC: The challenge for us is helping members to gain back some time. The opportunity is around the accounting technicians' space, those critically involved in the accounting ecosystem and providing technical support to accountants. Working in the Asia Pacific region, that involves helping to define what an accounting technician does, particularly in developing nations.

The challenges remain, and we will all have one eye on the news and the data. But our profession is at the forefront of the economic recovery to the pandemic.

What the pandemic has shown, and membership growth and engagement numbers will show this as well, is that there has been a renaissance in the role of the professional body. We are at a turning point for professional bodies who can step up and deliver. FA

Listen to the full interview at financialaccountant.co.uk/podcasts

Image: iStock

YOUR VIEW

IFA qualification opened doors in my career

Hussain Rahim discusses why he fought for recognition of the IFA qualification, and how his career has benefited by doing so.

Many accounting students will tell you that gaining a CCAB qualification is the 'be-all and end-all' of accounting. And, truth be told, when I started my career I felt that such a qualification was very important to my development.

I began within the UK Civil Service as a finance officer and started to pursue a qualification with one of the CCAB bodies. While there, I was introduced to the IFA, and learned how portable the qualification is internationally. So, I promptly applied to join as an associate member.

In the short-term, however, I had to be very persuasive in my arguments that the IFA qualification was suitable. There were issues in terms of its recognition across other government departments; recruiting managers would query my membership - even though their job description would cite the International Federation of Accountants (IFAC) qualifications/membership as crucial.

To bridge this gap in recognition, during the application and interview process I would explain the IFA membership and its international recognition as a professional accountancy body. In my opinion, I helped in some way to break the cycle of giving more credence to CCAB membership - and acknowledgement of the IFA as a credible alternative within the departments I considered.

As an IFA member I have attended seminars, courses, and events - all of which have helped me to enhance my accounting and finance career and ultimately to be able to join a global accountancy firm.

> **"I [was] very persuasive in my arguments that the IFA qualification was suitable"**

My role at EY entails being a trusted finance business partner to the UK government and public sector. I also serve internationally for private sector clients, especially at C-suite level.

As a supplementary role I am also a finance director for a deaf and hearing community based in Warwickshire, UK, and a critical friend in supporting the organisation's growth.

What else has the IFA given me? Well, it has provided connection to other IFA members across the world. I have collaborated with colleagues based in south-east Asian countries. More recently, I have made contact with the IFA's Bangladesh regional director. I am also coaching and mentoring potential students who are looking at studying or taking up an IFA membership.

It is great being part of two great global networks, in my working role and with the IFA. It makes it easier for me to build connections and learn business knowledge in different regions. Ultimately, not having a CCAB qualification hasn't hindered me – in fact the opposite.

I look forward to the IFA's strategic plans, as part of the IPA Group, and hope to continue to be part of this great journey. FA

Hussain Rahim *is a senior management consultant at EY and an IFA member*

Image: Shutterstock

MOATAZ GAD

YOUR STORY

Moataz Gad discusses a varied career, a varied range of study and experience, along with a varied diet of favourite regional dishes.

Describe yourself to us

I am a commercial finance expert with an extensive portfolio of success in Fortune 500 corporations, with 22 years of experience. In my last industry assignment, I was the regional commercial controller for the Gulf countries with Kimberly Clark. I am currently a senior lecturer in accounting & finance at the University of the West of England.

Why is the future bright with the IFA?

The IFA has been actively partnering with universities across the globe to support students through IFA Direct. Now, students from partner universities can benefit from accessing accounting, finance and business content on the IFA digital hub. Students can receive job alerts, accessing online webinars and meetings to enhance their learning and networking. As a member, I am proud of the role the IFA is playing; contributing back to the community through availing its resources to students for development and learning.

What is the most interesting part about your job?

Being a university lecturer is an incredibly rewarding experience. I teach modules that I genuinely enjoy. Interacting with students changes the way a person thinks about their work. I'm passionate about using financial technology tools such as Bloomberg for practical applications.

Best/most inspirational moment in your career?

When I got promoted to financial controller at the age of 31 with Petronas in Egypt. The scope of the business units then was $3bn (£2.2bn) of assets and $820m in revenues.

Most funny moment in your career

Part of the oil and gas industry culture is to dress in formal suits and a tie. When I moved from that sector to a new role, I would be given this funny smile from top management whenever they met me. One told me after a few days: "Moataz, you can dress in a more relaxed attire, smart-casual is allowed here."

Who is your role model, in life or in your career - and why?

My father. He taught me that every idea, problem or situation can be looked at from various perspectives. This lesson has helped me to evaluate my experiences from different angles and understand people's actions.

Favourite food?

Sushi comes on the top of the list. I am also a big fan of Malay food: Kuik Koci and satay ayam. I must not forget my admiration for Angus ribeye steaks. And last but not least, the iconic Egyptian falafel and mesa'a'ah.

Most useful tech tool or app - and why?

The launch of the iPhone in 2007, followed by the launch of WhatsApp in 2009, have revolutionised communication between humans.

How do you spend your time away from your role?

I like to spend quality time with my family. I love connecting with my old friends, listening to music - especially the '80s - reading books and articles.

What do you see as the path ahead for you and your career?

The sky is the limit. Throughout my career, I have coupled my work experience with diversified academic learning. Currently, I am working on my PhD in the area of M&A. Furthermore, I keep myself up to date on the following topics: COSO control framework and robotic processes and automation. FA

Images: Shutterstock

WEBINARS AND ONLINE LEARNING

Maintaining your continuing professional development couldn't be easier, wherever you are.

ONLINE

IFA UK 60-minute webinars

Our 60-minute webinars run throughout the year covering a range of relevant business topics.

6 April | 12pm-1pm
20 April | 12pm-1pm
Price: Free

Tax series - quarter 2

This online series focuses on a number of tax topics. Each webinar features two expert speakers.

10 May | 9.30am - 11.45am
17 May | 9.30am - 11.45am
24 May | 9.30am - 11.45am
Price:
IFA members - £45
Non-members - £59

Financial reporting quarterly updates

Keep across the changes in financial reporting requirements as well as any small changes in the accounting treatment of differing areas by registering.

24 March | 10am-12pm
22 June | 10am-12pm
22 September | 10am-12pm
7 December | 10am-12pm
Price per quarterly update:
IFA members - £45
Non-members - £59

IFA international conference online

After the success of the inaugural IFA International Conference online, the second conference will take place on 10 November 2022.

FACE TO FACE

Regional conferences

Keynote speakers will explore subjects most relevant to small business.

London | 26 May | Royal College of Physicians
Birmingham | 23 June | IET
Price:
IFA members early bird - £85 +VAT (ends 31 March)
IFA members regular - £109 +VAT
Non-members - £139 +VAT

For more information on events and to register please visit ifa.org.uk/cpd

Regional networking events

North of England | 24 March | 4.30pm - 7pm
Holiday Inn Leeds - Clifton Village, Brighouse HD6 4HW
Free of charge and open to IFA members and students, and non-members.

Image: iStock

ONLINE LEARNING

IFA Direct

IFA Direct is administered in partnership with ATHE, a global awarding organisation regulated by Ofqual.

The programme comprises 14 flexible online study units including financial accounting, assurance, business taxation and core reporting for strategic business. Units are studied over four-to-six weeks via a secure learning platform and run continuously meaning you never have to wait before starting a new subject

IFA Direct provides:

- Choice of ATHE recognised centres.
- Personalised learning plans.
- Access to online tutorial support from an academic adviser.
- Online lectures.
- Online resources such as e-books, presentations, case studies and articles.
- Supervised independent learning.
- Test your knowledge quizzes.
- Access to IFA resources including member-only technical resources.
- End of unit written assessment.
- Certificate on successful completion.
- Transferable credits.

Cost per module

Each unit costs £300* with a one-off learner membership fee of £50*.

Fees are paid directly to the ATHE-recognised centre.

*VAT where applicable will be charged by the centre directly.

You can find out more about the programme at ifa.org.uk/ifadirect

You can also contact the education team at education@ifa.org.uk for further information.

The IFA Diploma in IFRS for Accounting Professionals

The diploma will give you a solid grounding in the background, principles and application of the IFRS framework, develop your understanding and working knowledge of IFRS and give formal recognition for your skills. Designed as an international qualification the short and intense programme gives you access to:

- Interactive training either online or face to face.
- Trainer presentations.
- Comprehensive study material which includes handouts, presentations and practice assessments.
- Comprehensive question and answer bank provided by the IFA.
- End of programme final assessment.
- Qualification certificate upon successful completion.
- CPD hours.

It is available through our accredited training providers in Pakistan, Peru, the Russian Federation, Ukraine and Lithuania and you can choose the provider with which to study.

Find out more about the diploma at ifa.org.uk/learning/dipifrs

SOUTHERN ENGLAND

Growth in tough times

Even with Covid and Brexit headwinds, Kent is proving more popular than ever, according to **Ermal Krutani**, IFA ambassador for Southern England.

Tell us about your role and responsibilities. Has anything changed since we spoke to you two years ago?

I'm still a director at Devonports Accountants, working with IFA chairman Ian Hornsey. The firm has grown in terms of fees, and we now have a fantastic outsourced team in Albania supporting us. In fact, that's gone so well that we're looking at offering the service to other accountants, some are on board already.

What is the current business and economic climate?

There has of course been a great deal going on. We've seen Brexit cause issues in some major industries, particularly transport in the South. However, in terms of our connection with Europe, the biggest issue has been the Covid restrictions and constantly changing rules. House prices, however, are going up with people moving out from London, which has created a lot more demand. Construction is really busy, but there have been supply chain and labour issues due to the level of demand. We've also seen hospitality suffered; and we don't have enough truck drivers.

What has been going on for the IFA locally?

As you know, the IFA have restructured from the local branch network into eight regions (see pages 26-27, last issue, for more), and I am now the ambassador for the Southern England seeking other members to join me and assist with the organisation. We'll look to have three networking events throughout the year, and more online. The aim of these changes is to drive up even more interaction. We'll have experts on board to support our gatherings. People have taken to online learning, so it will be a mix of face-to-face and virtual. Let's see how that goes! Ultimately, the IFA wants member engagement to step up, with them asking questions and getting involved. If we know what members want, then we can make their voices heard via the institute.

SOUTHERN ENGLAND

As Covid restrictions continue to ease, the business community is trying to come out of hibernation. One of the UK's largest business expo organiser, B2B Expos, has announced big plans for the coming year, which should see it match its peak of events from 2011. B2B Expos MD and founder Matthew Larcome told Hampshire Business: "For almost two years everyone has been forced online due to the pandemic. But now it's time for people to meet again and do business face to face."

A recently-opened leisure centre in Winchester has proved a barometer for activity. Some 150,000 visits had been made to the centre, run by Everyone Active, between October and December 2021.

- **A new town centre retirement complex in Worthing has been given the go-ahead. Developers plan to construct 35 apartments, reports The Argus.**
- **Portsmouth city centre is to build a new neighbourhood and business area called Lennox Point. The proposed development, on the site of Tipner West, will be car-free and create some 2,000 jobs in construction, retail and leisure.**
- **Two local ambassadors have been appointed to support Southampton's bid to become UK City of Culture 2025. Don John and Lynda Walton will extol the cultural diversity of the city. Southampton's newly-constructed Westquay is pictured below.**

Image: Shutterstock

NIGERIA

YOUR WORLD

We speak again with **Olanrewaju 'Larry' Sharafa**, who is very busy promoting the IFA; taking on new roles; and supporting startup visa applications.

We spoke a long time ago – what's happened in your life and career?

I recently joined the Canterbury Christ Church University as an associate lecturer, leading modules in audit and assurance and corporate governance within its business school. I'm also taking up director of studies responsibility, which requires me to lead on quality assurance, collaboration and management responsibilities. Outside of the IFA project, I lead my employer's enterprise and innovation department.

What has happened in that time in your work with the IFA?

We've made significant progress with the IFA in Nigeria. Delegates attended the last International IFA virtual conference held in November 2021, where I spoke about family business governance. The membership of the IFA in Nigeria continues to grow, with some relocating to the UK, and taking advantage of their IFA certificate to secure a job.

What has happened in Nigeria?

Nigeria's economy is recovering from the impact of Covid-19, like many other economies. We are also experiencing campaigning ahead of the 2023 presidential election.

Has doing business in Nigeria changed since we last spoke? If so, how?

Nigeria remains the giant of Africa. Outstanding, talented youth and a massive population looking to work as entrepreneurs. The digitalisation of company registration services in Nigeria is another excellent initiative to encourage start-ups and investors.

What events have been run in the last year on behalf of the IFA?

We ran several CPDs virtually last year. Some of areas covered include: ethical finance in Nigeria; uncovering a career in forensic accounting; IFA membership and the UK's skilled work visa scheme.

What is the future for the IFA in Nigeria, and why?

We are collaborating with Nigerian professional institutes and higher education providers and we provide IFA members opportunities to network by visiting the UK during the London and Birmingham conferences. FA

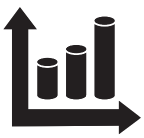
FACTS AND STATS

US$432bn
GDP in 2020

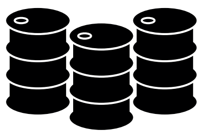
US$33.5bn
Trade deficit in 2020

3.4%
GDP estimated growth (2021)

206m
Population in 2020



15.6%
Inflation in December 2021



US$1.7bn
Claim JPMorgan Chase is fighting, over a Nigerian oil deal.

Not only is Nigeria the largest economy in Africa, it is predicted to have grown faster than any of its neighbours.

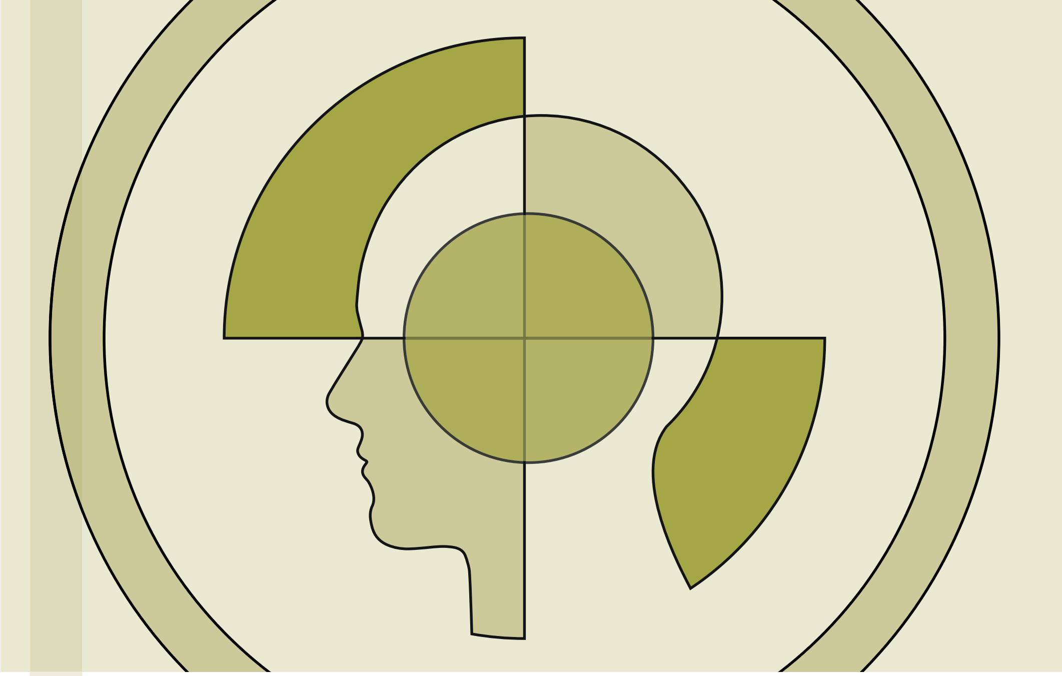
After contracting by 1.92% in 2020, Nigeria's GDP expanded by 3.4% in 2021, statisticians have calculated. Nigeria's finance ministry had predicted 2.5%, while the central bank had projected around 3.1%.

An expansion in agriculture and trade industries has led the push, even offsetting a fall in oil production, Bloomberg reports.

The move will put pressure on Nigeria to increase its interest rate.

There are a range of predictions for 2022 GDP growth, from 2.76% up to 4.2%.

Images: Alamy, Noun Project



MEMBER SUPPORT

How can I beat worry, and deal with stress?

Stress is not something that must happen to you. The experience of stress can be lessened - or worsened - by our internal responses to external circumstances.

1 Worry productively

There's a difference between unproductive and productive worry. Unproductive worry happens when we simply think repeatedly about future concerns or past regrets.

A key principle for productive worry is to write things down. If I ask you to multiply 79 by 83 in your head, you will take a long time - and may get the wrong answer. But the calculation is relatively simple if you put pen to paper. The same is true of worry. If you worry about something only in your head, you don't help yourself to find a good path forward. So only allow yourself to worry when you can work through issues properly by writing things down.

2 Challenge overblown fears

It's easy to project forwards in time to worst case scenarios when we allow worries to run rampant in our minds. Psychologists call this catastrophising.

Put things into perspective by reviewing your written-down concerns and then writing down more realistic concerns where possible. So, "my boss will fire me" may become "my boss will tell me off but probably forget about it within several weeks".

3 Consider what you can do

Psychologists have found that it's more helpful to focus on what you can do about your worries rather than why they came about. Do analyse your listed worries but remind yourself to spend most of your time thinking about actions you can take - what you can do - rather than why you may have got yourself into the situation.

4 Advise someone like you

Strangely, research suggests that considering how to advise someone just like yourself tends to get better results than thinking through what to do about your own situation. Don't focus on what 'I' can do. Instead, weigh up options for someone else who just happens to share your name and circumstances. Consider what they might do - and remember that this seemingly odd mental trick is backed by psychological science.

> **"If you worry about something only in your head, you don't help yourself to find a good path forward"**

5 Think about body and mind

It's artificial to separate mind from body. A productive, stress- and worry-free mind is inextricably connected to a healthy body. Studies show that increasing fruit and vegetable consumption can improve mental well-being in as little as 14 days. Going for a brisk walk for as little as ten minutes quickly benefits creativity, mood and mental performance. Consider switching off phones and tablets - or at least wear blue light-blocking glasses in the hours before bedtime to improve both the quantity and quality of your sleep, too. FA

Dr Rob Yeung *is an organisational psychologist at leadership consultancy Talentspace. Twitter: @robyeung*

Image: Shutterstock

BUSINESS DIRECTORY

Tax relief

Catax

Catax are experts in specialist areas of tax relief. They have been helping clients secure tax relief for 10 years and have identified over £204m in tax benefit for their clients to date.

The average client benefit for capital allowances is £47k and the average for research & development and the Patent Box is £51k. We break down the claims process for you, so all your clients need to do is provide us with some details, and we'll take care of the rest. There are no complicated forms to fill out, no legal language to unpick and no tax law to get your head around.

Headquartered in Manchester, with offices in London, Edinburgh, Glasgow and the Channel Islands, Catax work with businesses across the UK. They have a team of more than 100 in-house experts which includes surveyors, tax technicians, accountants, and report writers. They are also ISO 9001 accredited.

Online accounting software

IFA Books+

IFA Books+ is affordable online accounting for small businesses. It's simple to use with an intuitive interface, making it easy for you and your clients to manage their finances. Here are just a few of its benefits:

- Affordable pricing. Starts from only £4/month (inc VAT), add or remove features from £2/month (inc VAT).
- It's all online and MTD ready.

IPA Books+ Cloud Advisor Program
Training, tools, revenue & resources to grow your firm and support your clients – join for free!

IFA practising certificate members receive 5 FREE IFA Books+ subscriptions.

Self-invested personal pensions

Mattioli Woods

With offices UK wide, we administer over 10,000 clients and hold £8.3 billion of assets. We can proudly claim to be a leader in the field of self-invested personal pensions (SIPP) and small self-administered schemes (SSAS), and such arrangements are often central to our clients' pension strategy.

We take full account of the wider opportunities, including ISAs and other forms of personal investment; taxation and trust planning; and work with our clients to develop a balanced financial plan.