

Summer Bulletin 2023

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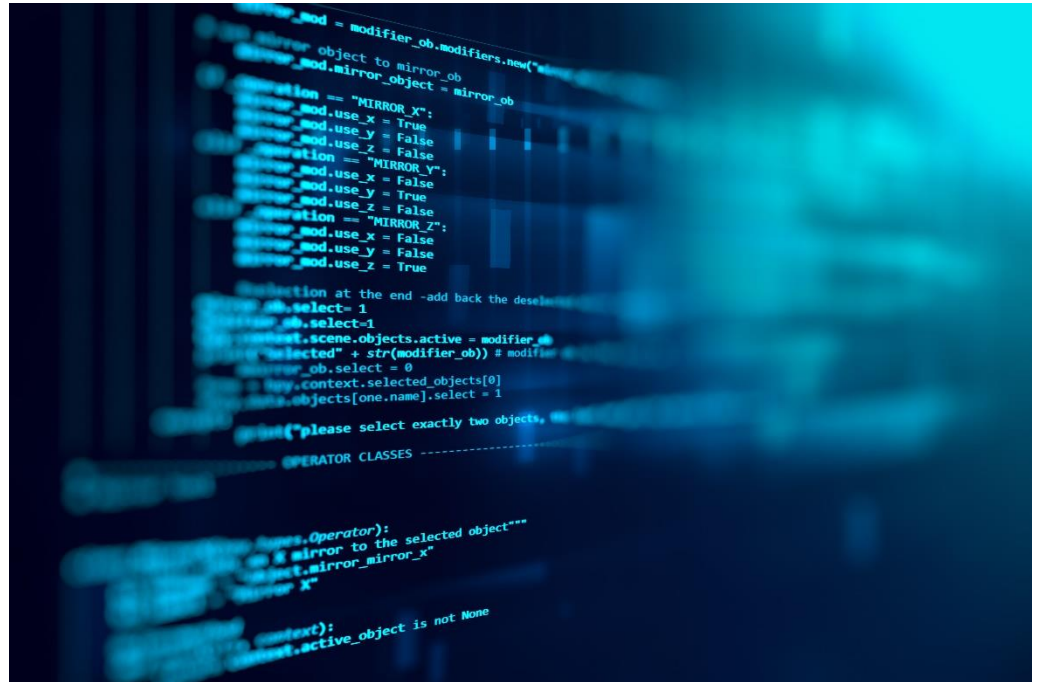
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Message from Kevin Hart - CEO and Executive Chairperson, BASDA

Welcome to the BASDA Summer 2023 Bulletin. I hope that you, your friends, family and colleagues are well, and have had an enjoyable summer.

Allow me to remind you of our popular Summit – being held again in London at The Wellcome Collection (just a few minutes' walk from Euston Station). The Summit will feature some great speakers and panellists who will share strategies and insights and discuss these with you so you can tailor your strategies and plans regarding:

- HMRC's transformation, progress and plans for the rest of this decade, including its scale,

change of working and impacts – courtesy of, and back by popular demand is, Angela MacDonald CBE, Deputy CEO HMRC.

- Developments and impacts of Open Banking and the wider digital transformation and what that means to your payments (and collections) strategies – courtesy of a panel of specialists across private and public sectors.
- A new BASDA and DWP initiative to extend the concept of Auto-Enrolment (and more...) across the entire self-employed market harnessing simple accounting solutions (wherever deployed) – courtesy of a panel of specialist including the DWP Director and Policy Heads.

- How Net Zero – particularly carbon reporting – is and will continue to impact your clients, partners and yourselves. Learn more about how you can be supported along this journey, along with the competitive landscape that this is generating – courtesy of a panel of specialists across a spectrum of private and public sectors and key verticals within those.
- The all-important networking sessions – not just over breaks and lunch but a specific open session with drinks and nibbles to end the day.

Early registration is recommended as places are limited – [please book here](#)

This most recent quarter has been incredibly busy – as I’m sure you have also found – and following on from a popular Accountex in London, we’ve been engaging with Government and other key stakeholders that are important to you.

When I say we, it is a mix of myself, SIG Chairs and Vice Chairs bringing in various members where possible to augment the engagements, bringing that wider perspective.

An interesting and incredibly enlightening example is all the work we have been and continue to do on Making Tax Digital for Income Tax and Self Assessment (MTD ITSA). With the terrific support of your Accountants in Practice (AIP) SIG Chair and Vice Chair, Stuart Miller and Kevin Sefton, we engaged with a healthy mix of members and, for a BASDA-first, non-members, to identify both quantitatively and qualitatively, the impacts of MTD ITSA upon our community and the wider tax system along with a number of key lessons learnt.

This allowed us to advise and secure more effective and empathetic engagement for our members with HMRC and government (plus other key

stakeholders) and is already showing encouraging early signs of such. See more in the AIP SIG update on page 4.

We always seek to ensure good governance within BASDA and we were delighted to appoint Pauline Green to the new post of Deputy Chairperson, who will both support and challenge me and the General Council further to the benefit of all.

HMRC new digital service

Accounting Web recently reported on HMRC launching a new digital service for NINOs and tax codes – [the full article is available here](#).

I do hope that you find this bulletin informative and useful, and we always welcome feedback as to how we improve matters so do please share your thoughts via marketing@basda.org.

To maximise the benefits of your membership, I would encourage you to engage with your relevant BASDA SIGs and Working Parties (WP), who champion the key issues that are impacting our collective businesses. If you haven’t yet signed up to be part of a SIG or WP and would like to participate, just drop an email to marketing@basda.org.



Specialist Interest Group (SIG) - Updates



SIGs are key to our value proposition and therefore selecting which one/s are best for you and your colleagues to actively engage in will significantly help ensure that you and your business derive optimum value from your BASDA membership.

BASDA are committed to talent development. Membership of our groups directly supports people and professional development. Whether you are interested in taking a more active leadership role on any of the SIGs listed or simply wish to join and participate in a SIG or WP, please email marketing@basda.org for more information.

Here follows our SIG updates:

Ability SIG

Pauline Green, Chairperson

'To demonstrate commitment to a broader inclusivity agenda across the wider software industry.'

In June we held our third "Lunch and Learn" webinar in collaboration with [AbilityNet](#). The focus was on the subject of Mental Health and I was joined by Adam Tweed, Senior Workplace and Education Consultant at AbilityNet.

Adam shared his personal experience with dealing with manic depression as well as general anxiety disorder. He was very open and honest around the challenges he has faced. Those of us who

attended were also able to ask him questions. These sessions are so useful in understanding more about the challenges individuals may face but also allow a safe space to ask questions.

Adam shared some interesting statistics which highlight how "hidden" mental health still is. These statistics are from [Mind](#) for 2018/19 and I am sure the last couple of years will have only seen an increase in the results.

- 1 in 4 people will experience a mental health problem of some kind each year in England.
- 1 in 6 people report experiencing a common mental health problem (like anxiety and depression) in any given week in England.

Specific diagnoses - in any given week in England:

- Mixed anxiety and depression: 8 in 100 people
- Generalised anxiety disorder (GAD): 6 in 100 people
- Post-traumatic stress disorder (PTSD): 4 in 100 people
- Depression: 3 in 100 people
- Phobias: 2 in 100 people
- Obsessive-compulsive disorder (OCD): 1 in 100 people
- Panic disorder: fewer than 1 in 100 people.

The impact of mental health on employees and employers is significant. Here are some additional statistics from [MHFA England](#):

- Mental illness is the second-largest source of burden of disease in England. Mental illnesses are more common, long-lasting and impactful than other health conditions.
 - Mental ill health is responsible for an estimated 72 million working days lost and costs £34.9 billion each year
- Note:** Different studies will estimate the cost of mental ill health in different ways. Other reputable research

estimates this cost to be as high as £74-£99 billion.

- The total cost of mental ill health in England is estimated at £105 billion per year.
- People with a long-term mental health condition lose their jobs every year at around double the rate of those without a mental health condition. This equates to 300,000 people - the equivalent of the population of Newcastle or Belfast
- Men aged 40-49 have the highest suicide rates in the UK.
- 70-75% of people with diagnosable mental illness receive no treatment at all.

Our next 'Lunch and Learn' webinar with AbilityNet will cover vision impairment and will be held on 14th Sept. This will be open to all - not just members of the Ability SIG so please invite other members of your company along. To register please email marketing@basda.org and details will be forwarded to you.

Accountants in Practice (AiP) SIG

Stuart Miller, Chairperson

'To bring together software developers, accountants and accountancy bodies, and representatives from the regulatory bodies such as HMRC, Cabinet Office, Companies House and even MPs to drive better, fit-for-purpose outcomes for all users. This also includes all our MTD work.'

OVERVIEW

The past quarter has been exceptionally busy for the AIP SIG as we focused on contributing to a crucial BASDA report - as mentioned in Kevin's foreword - which we are releasing through this bulletin. The report highlighted the impacts of Making Tax Digital for Income Tax Self-Assessment delays on the software industry.

Report on MTD for ITSA Delays:

Our primary goal was to gain insights into the pain points and commercial impact caused by the delays in MTD for ITSA. As HMRC did not undertake a lessons learned exercise with vendors - as strongly recommended by BASDA at the highest levels [in HMRC], we took the initiative to produce this report. It marked the first time we utilised external facilitators and extended invitations to BASDA and non-BASDA members for their feedback and insights.

The feedback obtained was overwhelmingly positive, and we believe this format will serve as a blueprint for handling future significant public pieces. For those who were unable to attend, [the published report is available for viewing here](#). We are grateful to all members who contributed to this critical initiative.

This report is being taken forward primarily via HM Government. Kevin Hart has engaged with the Financial Secretary to the Treasury (FST) and through which he is meeting with specific HMRC executives and progressing specific recommendations (arising from this SIG) to optimise the potential for future success of MTD ITSA. The report is also being made available to all members and contributors plus key, relevant parties in the accounting and bookkeeping representative bodies to improve understanding and alignment accordingly.

We are trusting (and reminding) all to use this report professionally and sensibly to ensure we continue to leverage the early, positive signs of improved engagement, influence and effectiveness with HMRC - to our members' benefit.

A key point to note is that this is a factual report - based upon responses to both surveys and discussion groups. It deliberately does not include any recommendations. The purpose is primarily to shine a light on the issues experienced and the resulting impacts to

help ensure - going forward - that lessons will be learned. This includes setting out what good looks like for an effective engagement model with our industry and our corresponding expectations.

Goals for the Next Quarter:

Looking ahead, we remain committed to providing significant input into MTD for ITSA to ensure our members' interests are considered and acknowledged. Additionally, we are planning to host a session with Companies House to discuss the closure of their WebFiling service and its implications for vendors.

Furthermore, we have scheduled a "Lunch and Learn" session for 'one login,' aiming to expand our members' knowledge and understanding in this area.

Strong Member Engagement:

We are delighted to report that member engagement has been robust throughout the quarter. Your active participation and valuable feedback have been instrumental in the success of the AIP SIG's initiatives. On behalf of myself and Vice Chair Kevin Sefton, we extend our thanks to each one of you for your efforts and dedication.

Your Input Matters:

As always, we value your input and ideas. If there are any topics or areas you would like the SIG to address, please do not hesitate to reach out to us. We are here to serve you, and your feedback is crucial in shaping the future direction of the AIP SIG. Together, we can continue to drive positive change in the industry and support our members in navigating the evolving landscape of accounting and tax technology.

Thank you once again for your unwavering support. We look forward to an even more productive and successful quarter ahead.

Construction SIG

Liam Tumulty, Chairperson

'To maintain close links with decision making processes within government that affect the delivery of construction software, and wherever possible, influence the implementation of policy.'

The Construction SIG focuses on statutory compliance areas including Construction Industry Scheme (CIS) tax, CITB levy and VAT for construction businesses, liaising with HMRC and others as necessary for the benefit of members.

During the last quarter I joined the HMRC Construction Forum which aim is to allow open communication between HMRC and construction sector representatives with a particular focus on the Construction Industry Scheme (CIS).

The latest Construction Forum was held on the 12 June and the agenda included an item on 'The UK's Modern Methods of Construction (MMC) Maturity Journey'. The presentation covered: current challenges in the construction sector, the impact of demographic changes, covid-19 and Brexit on the sector, the need for change, the seven types of MMC, relevant Government policy and where CIS and MMC overlap. All areas of the business should make plans for these important changes.

HMRC CIS Policy are pressing ahead with reviewing modular construction and will continue to liaise with Forum members and internal colleagues. Where necessary, HMRC CIS and VAT Policy will update HMRC guidance.

HMRC CIS Group Arrangements for CIS returns

HMRC CIS Policy are continuing to review the grouping arrangement proposal for CIS that will allow for companies in a grouping arrangement (similar to the CT

and VAT group arrangements) to submit a single return to HMRC on behalf of the group and to identify how the proposal should work in practice. HMRC seek further views from Forum members on the proposal.

CIS Policy gave an overview of the CIS reform consultation which is currently live (CIS reform consultation).

CIS - Guidance for CISR12080 relating to property developers and property investment companies has now been published on GOV.UK [Click for details here](#).

HMRC described planned changes to CIS registration and exactly how they would work to make the process simpler for taxpayers. This includes the G-Form project to improve digital registration. One Forum Member asked about the development timelines for proposed changes, and who was developing the form. HMRC informed members that HMRC's own digital team were the developers, and the timeline was currently unconfirmed.

VAT Penalties

Reminder: new rules for late submission and late payment penalties are in force. BASDA members should be aware of these and review - and note how the interest will be applied. See HMRC page here: [HMRC- Prepare for VAT penalties and interest charges](#)

Construction Reverse Charge

HMRC will be running regular webinars on reverse charge these are amongst the most popular webinars - perhaps indicating a lack of knowledge in the industry. These webinars cover Reverse Charge VAT, impact on cashflow and managing the change.

HMRC Update MTD - Construction Industry Scheme

In line with the MTD Programmes the implementation of CIS mandatory rollout

will now be from April 2026. In the long-term subcontractors will be able to view the deductions suffered and reconcile them in real time with their ITSA obligations. The changes are tied up with the MTD roll-out and there will not be a separate platform to view deductions.

Payroll, Pensions & HR SIG

Pauline Green, Chairperson

'To provide effective collaboration and engagement between members and all stakeholders across government (inc. HMRC, DWP) and wider, similar groups to drive better, fit-for-purpose outcomes for all users.'

The Chairperson of the Payroll, Pensions and HR SIG, Pauline Green, attended on behalf of BASDA at the quarterly Employment and Payroll group in June.

This EPG meeting included the following topics for discussion:

1. **Consultation response - Improving the data HMRC collects from its customers.** The Data Policy Team lead shared the outcome of the consultation. The key points are:
 - a. **Sectoral Data** - SIC codes submitted via software including RTI submissions. Outcome: Not being taken forward at this time
 - b. **Occupation Data** - via RTI & SA returns. Outcome: Not being taken forward at this time
 - c. **Location Data for each employee** - via RTI. Outcome: Continuing to explore alternatives
 - d. **Employee hours worked** - collect actual hours not just contracted hours via RTI. Outcome: Legislation to include in RTI - but not for Zero hours contract)
 - e. **Dividends paid to shareholders in owner-managed business** - collect via SA102 form specifically calling out owner-managed

companies. Outcome: Legislation to ensure clear definition & requirements for owner-managed companies

- f. **Self-Assessment start & end dates**
- via MTD ITSA
- g. Outcome: Legislation to making it mandatory for ITSA & Partnership returns.

[Full details have now been published and can be found here.](#)

It is hoped that the changes required via RTI will be shared with the payroll community soon.

2. **DWP update.** A review of the Spring Budget measures particularly around Universal Credit and the support for those working or looking for work on UC. This included increase in average earnings & flexible child support.
3. **Postal Outputs Programme (P6, P9).** HMRC Transformation Group were in listening mode to understand why not all employers utilise digital P6/P9 forms. Agents explained they are not always authorised to do. Technology adverse employers as well as some not knowing their software did enable it.
4. **Counter Avoidance - avoidance campaign.** A discussion mainly around umbrella companies and how HMRC are actively sharing how to avoid "tax avoidance" scheme which bad umbrella schemes can leave the taxpayer with fines, penalties as well as higher tax liabilities.
5. **HMRC comms campaign - starter/leaver process.** HMRC Communication team shared their approach to supporting employers with the start/leaver process. The focus was how HMRC are communicating with employers, in order that they understand the requirements and urgency, including common errors.

There was lots of feedback provided as to why there are delays in submitting leavers data and how that can lead to deals in starter data being fully complete.

6. **Customer Impacting for Policy.** The readiness for Change Lead explained how they are thinking of new ways of working, particularly with EPG to allow greater collaboration prior to internal HMRC development.

You can find [previous minutes to all EPG meetings here](#). If you have any questions that you would like us to raise at future EPG's then please send them over.

Post-Brexit Working Party

'To ensure effective understanding of and engagement with the policy outcomes arising from Brexit - particularly regarding the Northern Ireland Protocol and other such changes resulting from the EU exit.'

BASDA and the Post-Brexit Working Group continue to monitor NI Protocol developments. We will arrange a webinar when we have information to share with the working group.

We are keen to hear from members with an interest in or experience of Freeports so that we are better able to understand how BASDA can help our members and their customers manage and benefit from the different tax and customs rules that apply. This includes managing the available tax reliefs and simplified customs procedures within a Freeport. Drop an email to marketing@basda.org if you believe you can or would like to help.

Annual Summit 2023

The 2023 BASDA Annual Summit 'Being Competitive in an Uncertain and Transformative World' will be held on **Thursday, 19th October** at The Wellcome Collection, London. The focus will be on

innovation, opportunities in the aftermath of MTD for ITSA, and the importance of adaptability and staying competitive in today's business landscape.

As mentioned in the opening foreword, we have once again secured some fantastic keynote speakers to the event including Angela MacDonald CBE, Deputy Chief Executive & Second Permanent Secretary at HMRC and Tom Josephs, Director of Private Pensions and Arm's Length Bodies Partnership at DWP.

Other guest speakers are being finalised and announcements due in the coming weeks. [The agenda is available here.](#)

Bookings are now open - simply [click here to secure your place.](#)

Stronger Together

Thank you for your ongoing engagement and continued support. Now, more than ever, it is key that we collaborate most effectively as an industry - to the benefit of all. We are '**Stronger Together**'.

Continue to follow us on social channels - BASDA is on LinkedIn and Twitter - for more news, insights and valuable assets about our industry and collective opportunities and achievements.

Warmest regards



Kevin Hart

CEO & Executive Chairperson