

31 July 2023

Welcome to our round up of the latest business news for our clients.

## HMRC Annual Report shows some important trends for business owners.

HMRC's annual report was published last week, and it shows that they failed to meet many of their key customer services measures in 2022-23.

Customer satisfaction dropped to 79% from 82% last year and telephone performance has also declined with an average wait of 16 minutes to get through to an adviser.

63% of callers waited more than 10 minutes, with an average wait-time of over 20 minutes in January to March 2023.

To their credit, HMRC have improved their correspondence reply time to 73% cleared within 15 days from 46% in 2021-22.



HMRC thinks the solution lies in the use of online services by taxpayers and wants to reduce the volume of contact by telephone and post by 30% before 2025.

However, given HMRC's past record on missing its technology deadlines, this is probably unlikely without further resources being made available.

Long wait times for taxpayers look likely to continue.

The report highlighted that HMRC have maintained a long-term reduction in the UK's tax gap (the difference between the amount of tax that should, in theory, be paid to HMRC and what is actually collected) from 7.5% of total theoretical tax liabilities in 2005 to 2006, to 4.8% in 2021 to 2022.

To ensure everyone pays the "right" tax, HMRC have a compliance strategy with 3 elements:

- preventing non-compliance,
- promoting good compliance,
- being robust in their response to those who bend or break the rules.

In 2022-23 HMRC delivered £34 billion of *compliance yield* – the term for money that would have been lost to the Exchequer if not for HMRC compliance work.

While it's lower than they aimed for this year, it's higher than the 2 previous financial years.

In the last fifteen years, in the wake of the "Crash" of 2008, the subsequent recession and the Pandemic, the *UK National Debt has risen to the worrying level of 101.7 percent of Gross Domestic Product.*

HMRC have been tasked with increasing their efforts to help with this by recovering as much tax as possible and closing the tax gap even further.

We are seeing HMRC putting increasing resources into tax investigations, following the

investment into their IT infrastructure and employee numbers – HMRC have been known to launch investigations into individuals and businesses that leads to *little, or no tax* being recovered, following investigation.

Some recent statistics have revealed that 2 in 5 taxpayers who were investigated paid no additional tax even though they had to go through the trauma of an HMRC tax investigation.

It's a situation faced by thousands of UK businesses each year, one which has stepped up following the Pandemic as HMRC seeks to crack down on fraudulent claims for financial support. This has led to a growing number of UK businesses being randomly selected for investigation, with even sole traders finding their accounts subject to scrutiny.

Many of our clients protect themselves from the costs of an HMRC investigation with *Fee Protection insurance*. Tax *fee protection insurance* can save you from the unexpected costs of having your business accounts investigated. HMRC investigations can run into thousands of pounds in costs – hundreds of thousands in some cases. Having fee protection in place gives you the reassurance that your accountant's costs in dealing with the investigation will be covered.

See: [HMRC's annual report and accounts 2022 to 2023: performance overview - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114242/hmrc-annual-report-2022-to-2023-performance-overview.pdf)

31 July 2023

## The trade digitalisation act

The electronic *trade documents act received Royal Assent last week granting electronic trade documents the same legal status as physical trade documents*, hopefully making trade more efficient, cleaner, and cheaper for firms.

Existing laws dating back to the 1800s previously meant that exporters and importers have to use paper documents to transfer ownership of the goods they are shipping – creating a costly, inefficient, and outdated way of working.

UK businesses, both big and small, have been calling for paperless trades for decades, especially as the development of electronic document technologies has become increasingly feasible for the industry.

With less chance of sensitive paper documents being lost, and stronger safeguards through the use of technology, digitalising trade documents could give businesses that trade internationally greater security and peace of mind.

The UK government estimates that the new law could generate a net benefit of £1.14 billion for the British economy over the next decade for UK businesses trading across the world.

See: [UK economy to receive £1 billion boost through innovative trade digitalisation act - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/uk-economy-to-receive-1-billion-boost-through-innovative-trade-digitalisation-act)

## Takeaway and Restaurant Innovation Expo 2023

*From mobile payments and delivery to sustainability and food waste, the Restaurant and Takeaway Innovation Expo brings the whole restaurant industry together!*

This is an opportunity to interact and connect with the industry's visionaries who are shaping the takeaway and restaurant scene of the future. Find out how to boost your profits, build your brand and grow your business.

The event takes place on 10 and 11 October 2023 at the ExCel London.

See: [Home - Restaurant & Takeaway Innovation Expo \(takeawayexpo.co.uk\)](https://takeawayexpo.co.uk)

## ETIAS - entering EU countries.

The *European Travel Information and Authorisation System (ETIAS)* is set to be introduced in 2024 after initially being planned for 2022.

The delay was thought to be because of needing to update travel infrastructures and the onset of the COVID pandemic.

UK travellers will need an ETIAS for most EU countries. Travel permits will be available to buy online when the scheme launches and will cost around €7 (£6) for people over 18. Travellers under 18 or over 70 will receive their ETIAS free of charge.

ETIAS will be used to keep track of visitors from countries who do not need a visa to enter the

Schengen Zone, and to enhance border security.

It is designed for short-term stays of 90 days or less, and includes travel for business, pleasure, medical reasons, or if you are transiting through the EU to a further destination.

You could be denied an ETIAS if you give the wrong information online, are a convicted criminal or are on a travel watch list.

You will need to present the document on arrival at your travel destination and could be refused to fly or denied entry into the EU without one.

Similar to a US ESTA, it is expected to be processed and approved within minutes. It will also be valid for three years from the date of issue, making it easier for future travel.

***The European countries that will require a valid ETIAS upon arrival at their borders include Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and Switzerland.***

See: [ETIAS - European Travel Information and Authorisation System \(schengenvisa.info\)](https://schengenvisa.info)

## Innovation Loans Future Economy competition - round 10

UK registered businesses can apply for loans for innovative

31 July 2023

projects with strong commercial potential to significantly improve the UK economy.

Innovate UK is offering up to £25 million in loans to micro, small, and medium-sized enterprises (SMEs).

Loans are for highly innovative late-stage research and development (R&D) projects with the best potential for the future. There should be a clear route to commercialisation and economic impact.

Your project must lead to new products, processes or services that are significantly ahead of others currently available or propose an innovative use of existing products, processes, or services. It can also involve a new or innovative business model.

Innovate UK is particularly interested in projects that focus on the future economy areas included in the [Innovate UK plan for action](#).

You must be able to show that you:

- need public funding,
- can cover interest payments, and
- will be able to repay the loan on time.

The funding available will be allocated across a series of competitions:

- round 10 - opened 15 July 2023,
- round 11 - opens 14 September 2023, and
- round 12 – opens 9 November 2023.

See: [Competition overview - Innovate UK Innovation Loans Future Economy: Round 10 - Innovation Funding Service \(apply-for-innovation-funding.service.gov.uk\)](#)

### **UK announces further support to seafarers' rights and welfare.**

More seafarers will be guaranteed fair wages, proper rest periods and suitable training from a new [Seafarers' Charter](#) launched by the UK government last week.

Building on government action already taken, the charter – backed by DFDS Ferries, Condor Ferries, Brittany Ferries and Stena – is part of the government's wider [Nine-point plan](#) to protect seafarers and boost employment protections, ensuring they're paid and treated fairly – irrespective of flag or nationality.

This is at the heart of the UK's response to P&O Ferries' decision to fire nearly 800 of its staff without consultation or notice last year.

The UK government's charter will be launched alongside a similar initiative by the French government during a visit by Maritime Minister Baroness Vere to Paris today to meet her counterpart, Minister Berville.

See: [UK announces historic boost to seafarers' rights and welfare - GOV.UK \(www.gov.uk\)](#)

### **Travel update for families entering UK border this summer.**

This summer more families arriving into the UK will benefit from quicker entry to the UK using

eGates, thanks to an expansion of the service to 10- and 11-year-olds.

Following successful trials across major ports including Gatwick, Stansted, and Heathrow Airports this spring, from Monday 24 July 2023, more families returning and eligible visitors to the UK over the school summer holiday will now benefit from the use of eGates as a faster way to travel through the UK border, with a recent YouGov poll showing that 42% of the UK public plan to jet abroad over the summer.

With passenger volumes expected to return to 2019 levels this summer – and some ports exceeding those volumes – Border Force expects to see over 34 million air arrivals coming through UK passport control over the coming months.

This new eGate change is expected to benefit thousands of families this summer, with over 400,000 children aged 10 and 11 years old projected to use eGates this year.

See: [Smoother travel for families through the UK border this summer - GOV.UK \(www.gov.uk\)](#)

### **Government clamps down on unfair bank account closures.**

Banks will be forced to explain and delay any decision to close an account under new rules, protecting freedom of expression.

The government has stepped in to address fears that banks are terminating accounts because they disagree with someone's political beliefs.

The changes will increase the notice period to 90 days – giving

31 July 2023

customers more time to challenge a decision through the Financial Ombudsman Service or find a replacement bank.

Banks will also be required to spell out why they are terminating a bank account – boosting transparency for customers and aiding their efforts to overturn decisions.

The changes were announced last week. See: [Government clamps down on unfair bank account closures - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/government-clamps-down-on-unfair-bank-account-closures)

## Acas Consultation – Code of Practice on handling requests for flexible working

Acas is updating its statutory Code of Practice on handling requests for flexible working, to reflect the anticipated reforms to legislation, significant shift in flexible working in the workplace and changing views since their existing Code was published in 2014. Their non-statutory guidance will also be updated, which sits alongside the Code.

The aim of the Code is to provide employers, employees, and representatives with a clear explanation of the law on the statutory right to request flexible working, alongside good practice advice on handling requests in a reasonable manner.

Contributions are welcome from all interested individuals and organisations. This includes employers, employees, trade unions, business representative groups, legal representatives, and any other organisations or individuals with an interest in

flexible working practices and good employment relations.

The consultation closes on 6 September 2023.

See: [Acas consultation on the draft Code of Practice on handling requests for flexible working | Acas](https://www.acas.org.uk/news/2023/07/20/consultation-on-handling-requests-for-flexible-working)

## Training providers across England can bid for a share of £8.85 million government funding to offer courses in retrofitting and installing insulation.

Thousands of people are to be equipped with the right skills to make homes more energy efficient, as training courses will be rolled out across the country.

Training providers, such as colleges and accreditation providers, will be able to bid for a share of £8.85 million to help up to 8,000 people – whether current installers or those new to the industry – develop the skills and expertise needed to retrofit homes with energy saving measures.

The courses will be free or provided at low cost and will cover a range of key energy efficiency measures, from putting in loft insulation to draft proofing measures. This will not only help drive household energy bills down and reduce emissions but represents key employment opportunities for people to stay in and progress in work.

Training providers will have until 25 August 2023 to apply for the funding to deliver the courses, with training places expected to open later this year.

See: [Thousands to be trained to boost energy efficiency in homes across the country - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/thousands-to-be-trained-to-boost-energy-efficiency-in-homes-across-the-country)

## Social Investment - Growth Impact Fund

The *Growth Impact Fund* provides social investment for early stage, growing social businesses that are:

- led by diverse leaders and teams.
- looking to grow their trading income.
- looking to help tackle inequality.

The Fund was developed by *Big Issue Invest* and *UnLtd* with support from Shift, who are all committed to tackling the structural barriers within social investment and offers between £50,000 and £1,500,000 of investment.

There are three flexible investment types aimed to meet your needs:

- **Equity** - Shares in your organisation.
- **Revenue Share** - Repayments based on your organisation's revenue performance.
- **Patient Debt** - Regular repayments set at an agreed interest rate over several years.

See: [Growth Impact Fund - Investing for impact. Made for diverse-led organisations](https://www.growthimpactfund.co.uk/investing-for-impact-made-for-diverse-led-organisations)