Tax practice toolkit

Specialist products and services for tax professionals

Welcome

INSIDE:

Last year I ended my preface with the words *We are a robust profession – there will be bumps and scrapes along the way, but I am sure that we will cope with everything that is thrown at us. After all, it can't be worse than Covid-19 can it?* I suppose that nothing will ever quite compare with the pandemic, but tax practitioners had plenty more bumps and scrapes to deal with. After all who could have predicted that 2022 would be the year of two Monarchs, three Prime Ministers and four (assuming the removal vans don't turn up at 11 Downing Street between my writing this and your reading it!) Chancellors of the Exchequer. We have had to cope with the twists and turns of what seemed at times to be weekly fiscal events – I've lost track of how many there were – with U-turns that nobody would have thought possible.

Tax advisers up and down the country have done a superb job in keeping their clients informed about the changes and what they mean. Running a tax practice of whatever size is hard enough at the best so I take my hats off to everybody who has managed to continue to provide excellent client services in times of bewildering change. Surely we will return to some sort of stability in 2023. I for one certainly hope so.

Last year I reflected on MTD and many of our contributors have given us their experience of how things have gone this year. I continue to be concerned that the whole project has lost its way. I am a very strong supporter of the principle of digitally based tax administration. Properly done it should give great advantage to clients, agents and HMRC alike. But there has been very little discernible progress this year and further problem areas – such as error correction – have become apparent. It is now seven years since the death of the tax return was announced. The digital world has changed beyond all recognition since then, but MTD seems stuck in the same place. Surely it is time for a fundamental rethink.

I hope that you enjoy reading this very useful snapshot of some of the challenges and opportunities facing the tax profession as we go into 2023. Tax advisers are a resilient bunch and it is great to see people rolling up their sleeves and facing up to all of the challenges that HMRC, the economy and (let's be honest) some clients throw at us. But please – let's have a quieter year in 2023.

Yours in hope if not in expectation

Andrew Hubbard
Editor-in-chief

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Tolley® Tax intelligence from LexisNexis®

20 years of UK Research and Development Tax Relief and Credits. A personal view.

Terry Toms qualified in banking, spent 10 years in the embryo IT industry finally having UK responsibility for accountancy profession software, then ran the UK/Irish subsidiary of an international accountancy profession software company. He spent 10 years advising SMEs on R&D tax claims and was part of the software industry trade body's R&D Tax Committee before founding RandDTax in 2012.

There have been 3 distinct periods with specific themes.

2002-2009

Little was known or understood by most companies or accountants about the schemes and there were few claims. Significant core legislation was passed. The 2009 Corporation Tax Act and the DTI (Now BIS) Guidelines 2004 still being central today.

2010-2018

The theme was promoting/simplifying claiming. The HMRC digital marketing arm even ran campaigns. Claims we simplified through reforms in the 2012 Corporation Tax Act (CTA 2012) and initiatives like the HMRC Simple Guide to R&D Tax Relief. Notably, CTA2012 abolished a cap on payable SME credits based on NIC/PAYE. This was a period when, with strong encouragement, the R&D schemes took off and confidence in their positive economic impact grew.

2018-Present

A concern has emerged about abuse of the schemes including both fraud and error. A number of high-profile frauds have been prosecuted and led to jail sentences. This has led to reforms to prevent fraud like the 2021 cap on payable R&D Tax Credits, based on company NIC/PAYE, with more changes due in 2023. Confidence in claiming established in 2012-2018 has in some ways diminished. This upsets anyone who believes in the greater good of the schemes in driving real innovation, especially in the SME sector, as we strongly do.

This year, it has emerged that organised crime has taken another run at the R&D Tax schemes. In 2018 one very large fraud involving £29.5 million was successfully prosecuted. This led fraudsters to pivot to a large number of smaller frauds. At the end of October 2022, 8 were arrested for involvement in these frauds. **Ironically, had the cap on payable R&D Tax Credits not been abolished in 2012 neither of these types of fraud would have been possible.** The 2021 cap was structured differently, but the abolition of the cap in 2012 did help many SME's make genuine beneficial claims.

Frauds are not just an R&D Tax theme. Look at what happened with the COVID schemes, benefits fraud, and working tax credit fraud. Anywhere the Government distributes money, the risk of fraud exists. It is a much wider

issue than only frauds relating to the R&D Tax schemes. Some potential answers seem rarely considered:

A **massive investment is needed in machine learning technology across HMRC** to tackle fraud and give the taxpayer a system that is fit for purpose. HMRC seem behind compared to sectors like banking, social media, and mobile communications; and could learn from those sectors. HMRC should be able to identify the footprints of genuine companies and potential fraudsters much more effectively, with few false positives, rather than eventually stumbling across frauds within the much larger number of genuine claims.

I would also like to see **cold telemarketing and spam email marketing banned for all tax related services.** These often throw very broad false nets to try to catch prospects. No doubt some using these tactics are then correcting course later, and following the Guidelines and Legislation, but some do not. These false narratives empower poor judgments, errors, and fraud. Some using this approach are just phishing schemes to commit or assist tax fraud.

We work hard to give the correct advice, explain the schemes, question wrong assumptions/judgements and specialise only on this. If you would like to talk to us about any potential R&D claim, make contact: www.randdtax.co.uk

About RandD Tax

RandD Tax now has 22 shareholders, including 12 Directors, 3 of whom have UK tax or accountancy professional qualifications. All shareholders are very active in the business, so RandDTax is owned by those who deliver services.

Since 2012, RandDTax has advised and assisted more than 1550 clients, mainly SMEs, with in excess of 5,000 R&D related claims covering both SME and Large Company schemes.

R AND D TAX

Man and machine in perfect harmony

A turbulent couple of autumn weeks saw IR35 repealed by one chancellor, then reinstated by another, and then placed under the stewardship of a new prime minister. You could reasonably argue that the human input into the off-payroll working legislation (IR35) has created more heat than light in this complex area of tax employment status in the contractor market...perhaps it is time to hand over to technology!

For end clients and recruitment agencies looking for certainty and stability in connection with their respective responsibilities for IR35 decision-making while managing their ever-changing workflow needs, you can immediately see the attraction of using automation to achieve robust outcomes all parties can rely on.

Indeed, the introduction of the IR35 off-payroll rules into the private sector has seen end clients increasingly turn to online digital assessment platforms. Nevertheless, despite everything we have said above about the human element, there at least two key reasons for not relying on technology alone.

Counting the cost in the public sector

Let's start with HMRC's own Check Employment Status Tool (CEST). It has repeatedly come under fire for being inadequate and not reflective of current case law. The approximate £268 million in underpaid tax and NICs paid by various public sector bodies, which had relied upon CEST, is testament to this.

Moreover, HMRC's failure to stand by its own assessment tool in the RALC enquiry are no doubt two of the reasons why private sector businesses are moving away from its use. But add in the fact that in 20% of cases CEST is unable to produce an outcome meaning it clearly requires users to acquire a level of IR35 contractual detail which most end clients cannot be expected to have.

It is evident that placing reliance on CEST in isolation is not offering the certainty end clients need. No assessment tool has understanding of the nuances of IR35, the ability to identify how well all the terms in the contractual chain align, nor indeed the interaction between those terms and client policies, statements of works, schedules which govern engagements. Above all, a tool cannot manage the conflicting case law and tribunal judgements, which enable Lorraine Kelly to succeed based on an argument around brand, Adrian Chiles based on 'in business factors', but Kay Adams's in-business argument left running a gauntlet of numerous Tribunal/Court judgements that are awaiting re-hearing.

The legislation

The legislation explains why human interaction is required and is encapsulated in the requirement of end clients to take reasonable care, something which is enshrined in HMRC's attitude to *all* tax decisions.

Part 2 Chapter 10 ITEPA 2003 requires that medium and large-sized end clients (and all public sector bodies) must:

1. **Make a decision on** the IR35 position of each and *every* engagement by reviewing,
2. **Take reasonable care** and evidence the reasoning behind the decision.
3. **Issue a decision** and provide a Status Determination Statement (SDS) to the contractor *and* agency (if applicable).
4. **Implement a disagreement process** to respond to any contractor challenge to the SDS.

Automation can clearly form part of the decision-making process, which is why Markel Tax has developed its own *IR35 Expert* platform. *IR35 Expert* is more than a tool for determining the working practices in an efficient manner and producing a robust SDS designed to withstand both an HMRC and contractor challenge.

It draws together both elements of the due diligence process and is the means to manage all contractor engagements and therefore documents the process by which end clients can demonstrate the key requirement to have taken reasonable care.

Reasonable care and the contractual framework: the human touch

HMRC are very clear in their guidance at ESM10014 that both terms and conditions and working practices must be considered. That means reviewing *all* contracts/paperwork in the supply chain together with the working practices.

And it is the assessment of the contractual documentation, which starts the due diligence process and, once completed, allows our clients to access *IR35 Expert* to determine the working practices. The courts (and HMRC) are very clear that consideration of the contractual framework must be given in order to determine the existence of IR35.

That's where Markel's human IR35 specialists come to the fore to ensure that your clients have a sound contractual base to work on. We will review all of the paperwork and provide the relevant amendments required to produce a contract which can support a genuine 'outside' IR35 determination. This is work we have been undertaking for businesses engaging 'off-payroll workers' since even before the introduction of IR35.

Reasonable care and working practices: efficiency through automation

With the contractual framework in place, *IR35 Expert* enables end clients to undertake role-based assessments based on question sets which have been designed by Markel's IR35 specialists and have been used to determine tens of

thousands of IR35 and employment status reviews, as well as successfully defending thousands of contractors, including at Tribunal.

Now clients can review the roles they are seeking to fill, quickly, efficiently and, above all, accurately.

The role-based assessment enables the end client to advertise for roles confident that they correctly reflect inside or outside IR35 engagements, as well as giving confidence to any agencies the client engages that these assessments are also based on contracts that reflect the working practices and vice versa.

However, this is only half of the working arrangements equation. In order to be in a position to issue a Status Determination Statement, the contractor is also asked to complete a questionnaire. These answers also feed into the SDS, so that the output is a definitive, robust decision, which records the contractual position and amalgamates both the end client and contractor considerations of the working practices.

And if HMRC were to challenge your client's IR35 decision-making, *IR35 Expert* has a complete record of every step of your client's due diligence process to ensure that reasonable care has been taken and can be fully documented.

Always in safe hands

IR35 Expert utilises question sets and a scoring mechanism based on Markel Tax's deep understanding of case law and how to argue – and win – IR35 cases. Nevertheless, we recognise that our clients are not IR35 specialists and for many, IR35 is a complex burden with an expensive penalty for getting it wrong.

Knowing that the contractual framework is in place and that the assessment platform meets the requirement to demonstrate reasonable care is crucial, but we are here to provide an all-round service that can be relied upon.

That is why each client is assigned a Markel Tax IR35 consultant who is on hand to answer any queries relating to any stage of the process. Whether that is:

- demoing *IR35 Expert*
- assisting a hiring manager wanting to understand the reasoning behind specific questions
- supporting someone surprised by the outcome of an assessment
- dealing with a contractor challenge

Assistance is on the end of a phone – we know that nothing beats human reassurance!

IR35 TaxSafe: ensuring clients are assured and insured

The off-payroll working reforms introduced in April 2021 in the private sector put HMRC in the 'last chance saloon' when it comes to policing IR35. There will be compliance enquiries and in the event of an HMRC Enquiry or Tribunal Hearing, it is the actual contracts, not questions on the contracts, which will be scrutinised.

So, it will be important to be able to demonstrate that the contractual framework has been independently reviewed by IR35 specialists.

HMRC will also want to determine that the working practices are aligned and will expect clients to be able to evidence both inside and outside determinations based on what happened in practise.

Your clients will need to demonstrate that they have a well-documented process because it is poor process that will give your clients the fee payer liability, not necessarily individual incorrect decisions. *IR35 Expert* will ensure that clients have that well-documented process.

One cannot stop clients being investigated and some outside IR35 decisions will be successfully challenged by HMRC with a tax liability arising for the fee payer, Markel has one final element to its complete IR35 solution.

Our *Fee Payer Protect* policy insures clients for both the defence costs arising from an HMRC enquiry and the liability which might arise. Because clients have undertaken robust due diligence, the risk and therefore the premiums can be mitigated.

And those clients who require higher limits of indemnity can also offset the costs of the contractual due diligence and the use of the *IR35 Expert* assessment platform.

In summary

Cost-effective, efficient and robust digital automation to assist clients to meet their IR35 obligations is a natural progression, but without human support you can never demonstrate reasonable care.

And because clients can be challenged, Markel has channelled our consultancy expertise and support into an insurance policy to help defend the client (and recruitment agency's) tax position.

Man and machine in perfect harmony to ensure clients are genuinely IR35 tax safe.

How to run a successful and inclusive hiring process

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Throughout 2022, the 'war for talent' has been well publicised and has been felt prominently amongst our clients. Over the past year, we have been instructed on an unprecedented number of mandates to recruit tax professionals for organisations and this demand has been met with a scramble for the best talent in the market. Despite the economic and political landscape, we anticipate that this trend will remain throughout 2023. Therefore, it has never been more important for organisations to consider how they can attract and secure the best talent and key to this is running a successful and inclusive interview process.

Ted Colbert, Boeing's CIO said that "The best workforce is a diverse workforce."

Diversity is no longer a buzzword — it's an expectation. The benefits to organisations of having a diverse workforce are clear. In 2017, Boston Consulting Group ran a study which identified that diversity was a key driver of innovation and that diverse teams produce 19% more revenue. Through a diverse workforce, organisations make employees feel more valued and when morale is high, this improves communication - both elements which are critical to success.

In addition to the advantages a diverse workforce brings to an organisation's profit line, there is also an increasing trend for it to be a key issue when attracting talent as more professionals than ever take it into consideration when looking to move roles. More than three out of four job seekers and employees (76%) report that a diverse workforce is an important factor when evaluating companies and job offers.

So, how do you run a successful and inclusive hiring process?

Brewer Morris is committed to partnering with our clients in the development of their DEI strategy, recruitment processes and talent pipelining. Inclusive recruitment is the process of interviewing and hiring a diverse set of individuals through valuing different backgrounds, opinions and experiences.

Whilst the benefits are clear, it remains a challenge for many organisations and many are still unclear where to start, therefore we have outlined some suggested considerations below.

Before you advertise:

- Educate all your employees. Diversity and education training should be an ongoing process, not something you complete once to 'tick a box' so, run refresher courses. It should be engrained in your culture to ensure an inclusive environment for all employees which will retain talent for longer
- Your culture and brand are key. Do you proactively display your efforts in building an inclusive culture externally as well as internally so potential candidates looking at your website or social media will see an inclusive brand?
- Do you offer a well thought out benefits suite that can make all employees feel supported and potential employees keen to apply?
- You should set DEI targets and measure your results so you have accountability as you would in other areas of your business. Create metrics to assess your progress in hiring and retaining a diverse workforce
- Think outside of the box. Challenge yourself. Does this role need to be full-time? How many days do you need someone to be in the office as a minimum? Offering more flexibility will enable you to relate to a wider audience and attract more diverse talent

When you advertise:

- Be mindful of the language used on job adverts and position descriptions. Is it inclusive and encouraging? Showcase what you can offer a potential employee and avoid an exhaustive list of 'key requirements' that may deter great candidates from applying. We are seeing more and more clients add a line to the bottom of their job specifications to encourage those who don't feel like they meet all the requirements to apply e.g. This is our ideal candidate, but by no means the only candidate; we all have different strengths. If you don't match 100% but believe you could do the job well, we would love to hear from you
- Ensure your website and the ease of applications have been considered from the perspective of all candidates that might be applying and any disabilities that they may have. For example, are the adverts easy to read

for those with visual impairments, can prospective employee easily navigate through the application process, are there transcripts available if you have video content?

- Think creatively about how you could widen your search. Rethink the factors that you screen for. Question what traits you value most in candidates, why, and whether that's based on your own bias or the hiring manager's bias

The recruitment process:

- Once you receive CVs, their presentation could be anonymised in different ways before being submitted to line managers. For example, removing candidate names, removing education or names of academic institutions or you can try fully anonymising CVs to remove as much potential for bias as possible. Arguably, if you feel the need to anonymise you should perhaps ask yourself why and address any internal issues
- Timings – how flexible are you with offering times for interview? Do all your interviews have to be in person or could they be held virtually?
- Include a diverse interview panel. Stakeholders involved in the recruitment process must understand and be able to articulate your commitment as a business to diversity and inclusion. This will also improve the candidate experience and increase the strength of your employer brand which should increase the number of offers accepted
- Ask inclusive interview questions and ideally ask each candidate the same questions so that candidates can be properly benchmarked against each other. Using scorecards can help give a clearer result too
- Ask interviewers to submit feedback before discussing the candidate with each other to avoid building momentum bias towards a particular candidate.

In addition to running an inclusive process, successful recruitment is usually hinged on several other factors.

Speed is important – whilst line managers are investing their time in hiring, candidates are also investing their time in preparing and attending interviews, therefore it is critical that you move quickly to attract the right talent. Psychologically, everyone wants to feel wanted so reviewing CVs, organising interviews, providing feedback, moving to offer etc quickly is an easy way to show your intent.

Another factor to consider is 'how do you sell your opportunity?'. Again, whilst line managers want to ascertain why they should hire a candidate and what value they can add, it is important that a candidate leaves an interview understanding what sets you apart as an employer from your competition and/or the candidates current employer. Interviewing is a two-way process and line managers should get a return on investment by ensuring that each candidate leaves their interview wanting to join them, regardless of whether they decide to extend an offer, as 'word of mouth' is a powerful tool when building and maintaining a brand. Tax is a small world after all!

Finally, think outside the box and challenge yourself. How could you use your budget for recruitment differently? Could you hire a more experienced person to do the role on a part-time basis? Do you need to see a full CV to consider interviewing someone for your role? Could you decide whether or not to have a conversation off the back of a LinkedIn profile? The benefit of showing flexibility in hiring someone without a CV is that they are unlikely to have applied for other roles without a CV which therefore reduces your competition. Equally, are you happy to meet a candidate informally first, if they're not quite ready to commit to a full interview process?

If you consider all these factors above, we believe you are putting yourself in the best position to attract, secure and retain the best talent available.

Tax technology *is* tax compliance

Rahila Zahin
Solutions Consultant, ARKK
Rahila joined ARKK in 2020 following seven years working in Finance and Accounting. As an Accountant, her expertise provides ARKK's tax clients with a clear understanding of their needs and vision on how they can make tax deliver for their organisations.

"Slow", "complex", "never-ending" are how the audience at this year's Tax Transformation Summit described tax reporting. But the number one answer? "Journey."

Tax technology is on a journey. No longer just a nice-to-have, tax technology is a critical part of tax compliance. So, how can Tax Directors take advantage of the technology available right now? Our panelists at last month's Summit shared their thoughts.

The Tax Director in the digital age

"In the past Tax Directors were often tasked with reducing the ETR and quite often they could go do this by undertaking tax planning schemes with varying degrees of success," said Simon Tatford, Director of Tax at Canary Wharf Group.

But in the last two decades, the role of the Tax Director has expanded, focused on paying the right amount of tax, and sourcing opportunities for revenue generation:

"To meet the demands of today's role, Tax Directors must identify problems and anomalies by looking at returns in detail, and you cannot do this without technology that can look at every data point and produce valuable insights."

'Time savings' can often be difficult to articulate, conjuring images of tax teams shutting their laptops at 17:29. When in reality, it is the company-wide cost savings that come from presenting the CFO with the division's VAT position a week earlier.

"In tax you have to spend a lot of time within the business at large understanding exactly what it is that they do," added Simon; "if tax compliance data-processing is taking care of itself, that frees the team up to understand the business further and make changes with valuable tax implications."

Whilst R&D claims are often the obvious route here, any opportunity to show tax as revenue generating should be considered a key goal for Tax Directors.

Tax authorities as key stakeholders

39% of the audience perceived the benefit of tax technology as 'accuracy' – a response in part driven by the increasing demands of tax authorities.

As Daniele Boscarato, Senior Tax Data Mining Projects Manager at Zalando puts it: "Tax technology is tax compliance."

Tax authority audits today are "all around how you collect the data and how often the numbers are manually intervened with." It is not sufficient to simply do the calculations in Excel or pass complex requirements off to external advisors.

Authorities today will not accept perfect calculations with inaccurate data as the starting point.

The good news is that tax experts are not being expected to code complex information into their ERPs. If you know where numbers have come together, you can change the overlaying process, avoiding "circle of death" spreadsheets and providing full visibility and audit capabilities over any return.

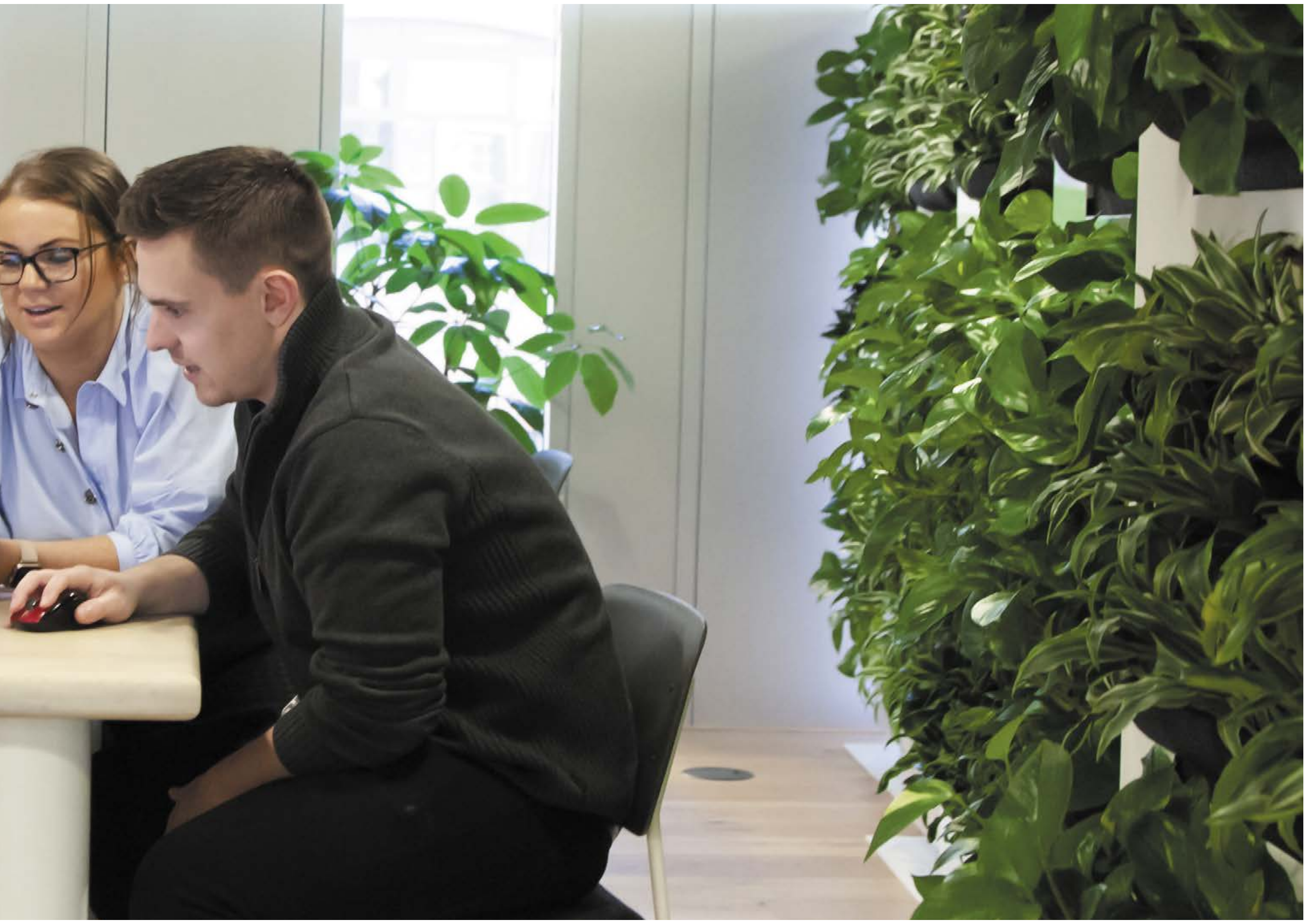
Automation provides answers amongst uncertainty

Recently, upcoming regulations impacting the company have been Tax Directors' main concern. Now, the ever-increasing global need for digital reporting has makes it impossible to operate if there's minimal understanding of how numbers have come together.

And it's not just future regulations Tax Directors need to account for, but the skill requirements of their future tax teams as well.

After ten years of financial instability and the abrupt switch to remote working post-2020, the younger generation have different ways of working. Given that 'Generation Z' will make up 27% of the workforce as soon as 2025, their requirements must be incorporated sooner rather than later.

Your Gen-Z workforce will not sign-up to input data into



a computer five days a week, they will expect technology to handle this repetitive work accurately, whilst they utilise the analytics and strategic skills they are currently being trained in.

Some firms are seeing this impact already. "Nowadays tax technology is part and parcel of the role – there are even tax technology jobs which you didn't see ten years ago," said Ashling Donnelly, Head of Tax at Trainline. "When we recruit for the tax team, we are looking for people who know we want to make the process better – Tax Directors do not hire people to just turn up and input numbers into spreadsheets anymore."

How long can you wait to automate?

"Tax teams are key players in decision making, and it's becoming impossible to keep up with these regulations just by typing numbers and writing formulas," added Daniele. "Furthermore, this is a waste – you don't need people filing VAT returns, you need their expertise to solve problems and find value."

With regulations and government policy changing nearly every fortnight, political instability and the continued roll of tax authorities, the time to transform is now. Technology is no longer a nice to have, but the only way to pay tax accurately and ensure tax compliance.

The professional tax qualification landscape: the future

ATT, CTA and ADIT qualifications

The pandemic has changed the way many organisations operate and the tax profession is no exception.

As you may be aware, there have been a number of changes to the way the professional tax exams have been sat in the last few years, and 2023 will be no different. The last few years have provided the Association of Taxation Technicians (ATT) and the Chartered Institute of Taxation (CIOT) the opportunity to trial and assess new ways of running their exams and, as a result, they have now provided full information about how the exams will run in 2023 – with some important differences between ATT, CTA and ADIT.

The ATT exams will continue to be run remotely in 2023 using a system called Exam4 which allows candidates to sit the exams on their own computer, in a location of their choosing. The exams will remain open book and will be monitored remotely via students' webcams. Students can choose to use hard copy or online versions of the legislation.

However, there will be a change to how the CTA exams are run in 2023; they will be held in test centres, and will be closed book. Students will only be permitted to use online copies of the legislation in their exams, which is a move away from the current practice of using hard copy legislation. Exam4 will continue to be used but will be pre-loaded onto the devices at the test centres.

LATEST EXAM PASS RATES

ATT – May 2022

	TOLLEY EXAM TRAINING*	NATIONAL AVERAGE
overall	90%	74%

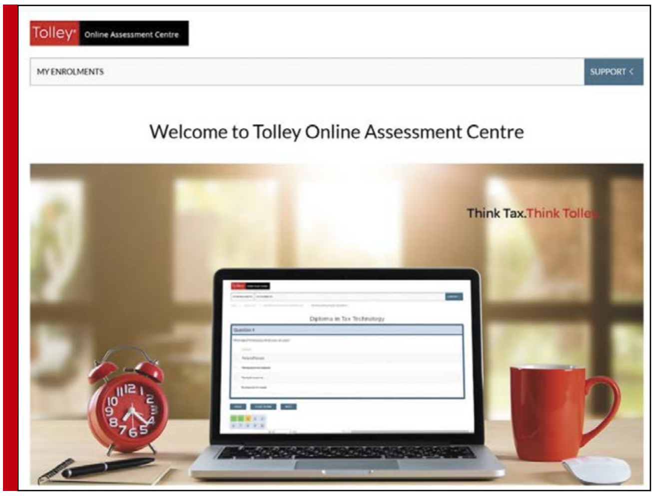
CTA – MAY 2022

	TOLLEY EXAM TRAINING*	NATIONAL AVERAGE
overall	97%	48%

ADIT – JUNE 2022

	TOLLEY EXAM TRAINING*	NATIONAL AVERAGE
overall	93%	67%

* students who have studied with our Guaranteed Pass Scheme



Finally, due to the international nature of ADIT, these exams will continue to be delivered online using the Exam4 software and can be sat anywhere in the world. However, for ADIT printed versions of the legislation only will be permissible.

Tolley's Digital Library

As a result of the requirement for online copies of the legislation for the CTA exams, we have provided access to the Yellow and Orange tax legislation via our Tolley Digital Library, which works by:

1. Students being given access to a personal account on the Digital Library
2. Students can then highlight and bookmark their copy of the legislation via their Digital Library account
3. When a student accesses their account from any device, their annotations will be available and changes made will synchronise across devices
4. In the exam, the student then accesses their Digital Library account and will be able to use their highlighted version of the legislation

Our top tips for students considering purchasing the online legislation are:

- If you are doing ATT, then consider choosing the online legislation if you are likely to do a CTA exam in the same calendar year
- If you are doing the ATT/CTA Tax Pathway and choose to sit the CTA Awareness paper instead of an ATT paper, be aware that this will be sat in an exam centre and you will only be able to access the online legislation
- CTA students must remember to bring their Digital Library log-in details with them to access their legislation during the exam

We would encourage students to visit the ATT and CTA websites for full details on their 2023 exam sittings.

A new qualification: CIOT Diploma in Tax Technology

The end of the year has also heralded a new qualification, with November marking the launch of the CIOT's new Diploma in Tax Technology.

While digitalisation has many benefits, the challenges remain around how tax professionals change, keep on top of tax technology advancements, and avoid being left behind. The solution to this is centred around an awareness of digital technology, the tools available and an understanding of how it all works. As a result, the CIOT has developed the Diploma in Tax Technology (DITT).

The Diploma is aimed at:

- Existing tax professionals wishing to begin building or increase their technology skills
- Technologists wishing to gain more knowledge of tax matters relating to technology
- New entrants to the tax technology world
- Those wanting to return to tax after a career break

Candidates will need to take 10 modules, which are designed to provide a secure grounding in, and a working knowledge of, tax and technology. These start off with an introduction to the current tax landscape, before moving on to skills needed for the tax technologist, and skills needed for the tax practice department. Along the way, candidates choose one optional module from a choice of two, covering a deep dive into technology management, or the essential technology tools for data handling.

Delivery via Tolley's virtual learning platforms

We're delighted that the CIOT have chosen us as their partner to deliver the Diploma in Tax Technology learning materials and assessments. All the learning materials will be accessed via Tolley Academy, which is the online platform already used by thousands of tax students who study with us each year. The materials include webinars, reading materials and questions to practice, and can be accessed at any time – putting the candidate in control of their learning.

All the practice and final assessments will be delivered via our Online Assessment Centre, which has successfully been used by all ATT Foundation Qualification students since those qualifications were launched. The system is a robust test of knowledge using objective test questions. Candidates will have to pass each module final assessment before progressing to the next module, and then on successful completion of module 11 they will receive an email from the CIOT inviting them to apply for the Diploma Certificate.

We are confident that we have the right level of content and assessment in place so that candidates develop a good understanding of emerging technologies and how these may affect the tax profession in the future. Not only will this be really valuable for the candidates, but also for their employers by ensuring employees have a greater understanding of how technology can be used to drive through improvements in delivery and service to their end clients.

Full information on the CIOT's Diploma in Tax Technology is available at tolley.co.uk/ditt

DITT MODULE STRUCTURE

Part A – Introduction	
1	Understanding tax technology and its impact: an overview
2	Types of tax technology/basic concepts
3	Data ethics, governance & data security
4	Emerging technologies

Part B – Skills for the Tax Technologist	
5	Introduction to project and product management in tax technology
6	Managing and handling tax data
7 or 8	Optional module: Deep Dive into Tax Technology Management OR Essential technology tools for data handling

Part C – Skills for the Tax Practice Department	
9	Understanding the shift to digital tax administration
10	HMRC's ten-year strategy
11	Opportunities for delivering a more holistic, proactive service

Support for claiming capital allowances

Legislative changes affecting your standard accounting capital allowance routines and what to look for.

The subject of property capital allowances continues to deliver significant tax savings to those who spend capital buying and improving commercial property.

The team at Capital Allowance Review Service have seen a high level of difficulties and confusion surrounding CAA 2001 Section 198 Elections (S198) on the purchase and disposals of commercial property. Their main observations are:

- Most sellers haven't claimed their full entitlement which has a confusing knock-on effect on S198 Elections.
- Confusion as to what items a Section 198 Election relates to.
- A lack of detail describing the property embedded fixtures and fittings (not chattels).
- The value attributed to property-embedded items poorly or incorrectly advised for the parties involved in the transaction.

Too often, buyers agree a Section 198 Election for £1 which restricts their ability to claim. This is one of many reasons why there has been an increased focus on supporting the legal and accounting professions.

The number of completed elections for £1 with a template nature appears to highlight, in most cases, this part of a commercial property transaction is completed with little attention – more of an afterthought. This stresses the importance of proactive and early advice when in the process of purchasing a property. It may need only a few questions with minimal effort to establish the facts that, potentially, may result in significant tax savings.

The requirements to support both the legal and accounting sectors are still evident in ensuring the correct legislation is applied, the best advice is provided, and the client's wishes are protected.

When does this apply?

A Section 198 Election can affect UK taxpayers that spend capital buying, selling, or leasing commercial property. Property acquisition expenditure can be divided into proportions, one of which is qualifying embedded fixtures and fittings (this is over and above chattels). A breakdown of the qualifying embedded fixtures and fittings is often information that is missing from the property's purchase/sale agreement, and the rules governing it can be highly complicated.

Property embedded fixtures and fittings of different kinds are covered by different legislation and often governed by time limits for making claims. There is a two-year window to complete and submit a completed Section 198 Election to HMRC from the date of completion of the property transaction. Failure to do so will mean that any available capital allowances that should be transferred via a S198 Election, would be lost forever.

However, there are exceptions, and in certain circumstances, a claim could be available even if a Section 198 Election hasn't been submitted. For example, if a

property was purchased by the vendor before April 2008, capital allowances may still be available. Another example is if the property was previously residential, or purchased from an entity that was unable to claim capital allowances. All good reasons for seeking specialist advice.

Note: If improvements are carried out to a property after purchase, these capital allowances are not affected by a Section 198 Election, and allowances will be available on that expenditure in the normal way.

Items that qualify for capital allowances include relatively small fittings, such as door fittings, which may be easy to overlook, but in total may have a significant value. Door fittings, for example, could come under the category of plant and machinery because of their function.

Note: Those that do not own property are also able to claim capital allowances through leasehold improvements that are carried out and used by themselves for the purpose of their trade.

Why should this be considered?

On average, 25% of a property purchase cost will have unclaimed embedded fixtures and fittings that qualify for tax relief. This can vary according to the type of property and its use. For instance, a care home may contain up to 35%, while an industrial building used for warehousing is likely to be at the lower end of the scale.

A claim on property improvements can be as much as 50% or more, depending on the type of improvements carried out.

Capital Allowance Review Service has acted for properties of all types, from a chain of karaoke bars for which capital allowance savings of £412,791 were made, to a property which a landlord rented out, on which unclaimed capital allowances were identified to the value of 22% of the property cost. Significant savings were identified for one client in unclaimed capital allowances on a London based property which was leased, despite a common misconception that it is only possible to claim for property that is owned rather than rented.

Observations

Below are a few observations Capital Allowance Review Service have collated together that form part of their property expenditure reviews:

Introduction of Investment Zones

These Investments Zones will have tax reliefs and other benefits that will encourage rapid development and business investment. To initiate this, there will be a 100% first-year enhanced capital allowance relief for plants and machinery used within specific sites. This will be accompanied by Enhanced Structures and Buildings Allowance relief that will give businesses the opportunity to reduce their tax liabilities by 20% per year. Further details on these are still to be announced.

Annual Investment Allowance (AIA)

The current year allowance which became £1,000,000 on 1 January is now set at that rate for the foreseeable future, as confirmed in the Chancellor's Autumn Statement on 17 November 2022. As a result, it is important that property expenditure is reviewed in a timely manner to avoid the full AIA being lost, and good planning on the timing of expenditure can ensure that AIA is used to its maximum advantage. For example, a capital project in one year costing £1.5m can be spread over two financial periods to maximise the £1m AIA available in each period.

Structural Buildings Allowances (SBA)

The aim of SBA is to relieve the costs of physically constructing new structures and buildings that are intended for commercial use. This includes the necessary works to bring them into existence and the improvement of existing structures and buildings. SBA often applies to expenditure where no other allowances are available.

SBA has been available for expenditure incurred on or after 29th October 2018 with a current rate flat rate of 3% over 33 and 1/3 years.

It should be noted that SBA does not affect Annual Investment Allowance, and it should be pointed out that if you own the property SBA works as an acceleration of tax savings, but may potentially be claimed back via the corporation tax/capital gains tax computations should the property be sold.

Research and Development Allowances (RDA)

RDA's are often confused with Research and Development Tax Credits, but are very different and provide additional tax savings to those that carry out research and development. RDA's are a tax relief for businesses in the UK and provide a generous 100% first year tax relief for fixed asset capital expenditure carried out by trading companies, individuals and partnerships. Although it does have the time restrictions of a first year allowance that can only be claimed in an open year, it can be a great alternative to SBA's. It can also be used as an alternative to AIA removing the limitations of the AIA threshold.

Special Rate Pool First Year Allowances

This applies to expenditure on electrical and heating systems, for example. The allowance is 50% on cost, but should only be claimed if you have exceeded the Annual Investment Allowance limit of £1,000,000. This first year allowance is ending along with Super Deduction on 31st March 2022.

HOW THE PROCESS WORKS

Step one

Capital Allowance Review Service has been a trusted capital allowances consultancy firm for accountants for over 20 years. With their support & guidance, accountants across the UK can identify clients that can benefit from a property capital allowance review. This is typically those that have spent capital buying or improving commercial property.

Your clients' plans are important – if they have paid tax or expecting to pay tax, if they have spent capital buying or improving commercial property or are in the process of selling, then a review should be considered.

They work in conjunction with you, your client, or both to establish if a claim is available and worth pursuing. Using their experience, they will produce a proposal showing the approach and potential value of capital allowances their process would achieve. Crucially, they also indicate how a client's tax profile will benefit and clearly set out fees.

If their team of experts secures unclaimed capital allowances, the client will typically be charged a percentage of the secured claim, but if nothing is found, there are no fees.

Step two

Once the potential for a claim has been established, the process of calculating the claim is started. Capital Allowance Review Service will carry out a survey of the property and take an inventory of everything in, on, and around a premises. Their team of chartered accountants, tax specialists, qualified surveyors, valuers, and property experts will assess every aspect of the claim.

Step three

The claim is now applied to the client's tax profile. If applicable, Capital Allowance Review Service will amend any previous tax returns and apply to HMRC for any relevant refund. Alternatively, the claim can be passed to your accountant for inclusion in tax returns. The team will also liaise with the accountant in corresponding with HMRC, if required.

Step four

Once they are happy that the claim has been processed in the manner expected, which may include waiting to see that HMRC has processed any amended tax returns as expected, Capital Allowance Review Service will then produce a final report, which shows how the figures have been calculated and include copies of any amended tax returns. Frequently, the client recovers enough tax to cover their fees immediately. If this is not possible, this is made clear at step one before the claim process starts.

Why Making Tax Digital for ITSA offers opportunity

By Kate Hayward, Director of Operations, Xero

After much anticipation, the government's ambitious 10-year plan to modernise the UK's tax system is now well underway. It all started with Making Tax Digital for VAT, which you'll know came into effect for businesses with turnover above the VAT threshold in April 2019, and for all VAT-registered businesses from April 2022. The next stage is Making Tax Digital for Income Tax Self Assessment (**MTD for ITSA**) in April 2024 — and it will be a significant shift in the UK's tax landscape.

MTD for ITSA will likely affect 4.2 million UK businesses — almost double that of MTD for VAT. It's also likely to impact the self-employed and landlords in 2024 - and general partnerships from 2025 - with annual income of over £10,000.

For those affected, the annual Self Assessment will disappear, replaced by quarterly updates, an End of Period Statement and a Final Declaration. Businesses will also need to keep digital records using compatible software. The days of rifling through shoe boxes stuffed with paper receipts will soon be over.

Here at Xero, we've been busy getting ready for the changes. We're one of the first software providers to launch an MTD for ITSA beta, so accountants can take part in HMRC's pilot and get set for the transition ahead of 2024. We're also on the 'available now' list for approved MTD-compatible software. Although it might sound a long way off, we recognise how important it is to work with HMRC to create the best possible solution for accountants and their clients well before the MTD for ITSA start date of April 2024.

MTD for ITSA: The Key Facts

Who does it apply to?

MTD for ITSA rules will initially apply to all sole traders and landlords with a total annual income from self-employment and property above £10,000. General partnerships will be impacted from 2025.

What will change?

Taxpayers who fall under MTD for ITSA will need to keep digital records and use MTD-compatible software to manage, track and send updates to HMRC.

The current annual Self Assessment will be replaced by:

- Quarterly updates for each business income source
- An annual End of Period Statement (EOPS) for each business income source
- An annual Final Declaration for each taxpayer

When does it start?

MTD for ITSA will take effect from 6 April 2024 for sole traders and landlords with total income above £10,000.

General partnerships that earn over £10,000 a year must sign up for Making Tax Digital for Income Tax by 6 April 2025.

The new tax landscape

MTD for ITSA is part of HMRC's plan to make it easy for people to get their tax right — but digitalisation is about so much more than compliance. It's about equipping businesses with the tools to succeed and enabling accountants to better support their clients.

Harnessing the power of technology means less time spent on manual admin, better collaboration, and access to real-time data. To be able to make the most of the UK tax system, taxpayers and agents need to have information available to them in as close to real time as possible. Having access to real-time information allows for better business decisions to be made. Software like Xero will allow businesses and their advisors to see a running total of tax due for the year, avoiding a nasty surprise in January.

A huge opportunity

The digitalisation of tax – including MTD for ITSA – also provides a huge opportunity for accountants. Yes, there will be challenges. Shifts this big are never easy. You may have clients who struggle with new technology or are resistant to change. That's exactly why accountants and bookkeepers are more vital than ever.

MTD for ITSA offers a chance to deliver more value to your clients. By guiding them through this change, you can build stronger relationships. With clients required to send more frequent updates to HMRC, they'll need your support throughout the year – not just for one-off help with their tax return. There's an opportunity for growth too, as many sole traders and landlords will be looking for an accountant for the first time to help them navigate the changes.

It's likely you might have clients who are still keeping track of their business finances with paper receipts, post-it notes and scattered spreadsheets. This can be seen as a challenge or an opportunity. On the one hand, you'll need to educate them on what MTD for ITSA means in practical terms and let them know they'll need to keep digital records using compliant software. On the other hand, a shift to digital record-keeping and the use of cloud accounting software also increases efficiency and puts more data at your fingertips. That means less chasing — and you'll have the extra time and information needed to do what you want to do, such as take on a more advisory role and help your clients make smart business decisions.

There's no better time to start the move to digital recordkeeping than now. **Stuart Miller, Xero's Head of UK Product Compliance put it best:** "It's all about being prepared. Engage clients, help them to help you by starting their digital transformation now."

We want to test our processes early"

Katie Hodge, Tax Manager and MTD for ITSA Project Lead at Albert Goodman, explains why her practice wanted to ensure they were prepared ahead of April 2024:

"While April 2024 seems like a long way off, this will soon be upon us and it's a huge change for many of our clients. We wanted to test the processes as early as possible to ensure we give ourselves and our clients ample time to adapt to the new way of working.

We are looking for suitable clients to join the Xero beta, as we feel it is a very important part of testing our proposed workflows and processes. It will also give us a better understanding of how submissions will work and how best to advise our clients.

MTD for ITSA is such a significant change for not only clients but also accountants and tax advisors. While initially ITSA will likely prove a burden to implement, once you have successfully got your clients onboard, moving them to digital record-keeping may potentially offer longer-term positives. For example, as the data will be current and captured throughout the year, you will be able to offer businesses more timely advice with regard to tax planning and forecasting. It will also open up opportunities to make contact with clients on a more regular basis to further build relationships and it may eventually also help to spread work more evenly across the year.

If you haven't already, my advice would be to start looking at how your practice will be affected and to begin segmenting your impacted clients. I would use this as a basis to decide what services your firm will offer and use any available resources, including the Xero beta, to test these.

Getting your clients onboard, and using digital records ahead of when it becomes compulsory, will allow for a smoother transition with more time to adjust."

How we're supporting you

One of the major shifts we'll see with MTD for ITSA is a change in the frequency of reporting. Any taxpayer within the scope of MTD will need to send summary totals of income and expenses every quarter. If you're doing this on your client's behalf, you'll have just one month at the end of each quarter to get this information together and submit it.

This means changes to your processes, your workflows, and how you communicate with clients. At Xero we're dedicated to supporting you on this journey and we know how important software will be for this transition. As **Xero's Product Manager Amy Noblett said at Xerocon:** "Xero is committed, and as the product manager for ITSA I'm committed, and I've got a whole team of engineers and designers also committed, to making sure the product we build isn't just compliant, but that it reflects how you and your clients want to work."

Our goal is to deliver a product for accountants, bookkeepers and your clients that makes life simpler, with beautiful workflows from data capture all the way through to compliance within the Xero platform. By empowering your practice to digitalise tax, Xero will not only enable you to comply with the changes ahead, but also progress your digital journey and transform how you work.

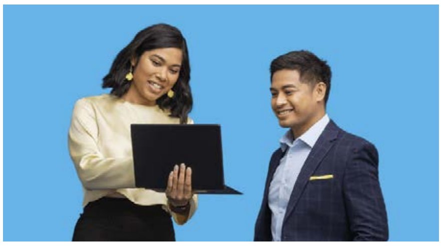
Our MTD for ITSA beta

Not only were we one of the first software companies to provide an MTD for ITSA beta, but we were also one of the first to make HMRC's list of available software for MTD.

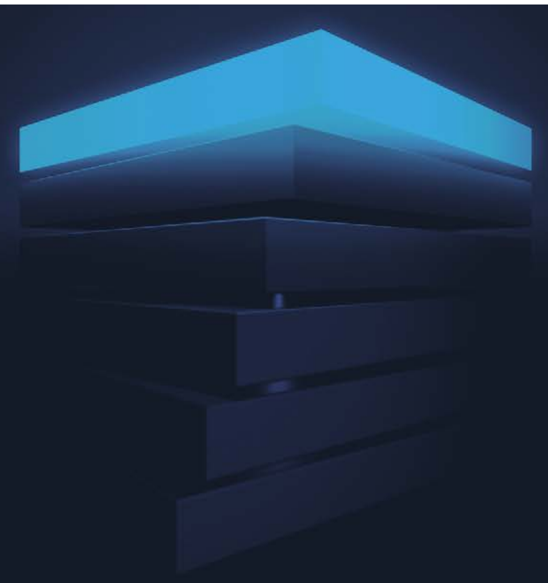
In addition, we're onboarding partners onto the MTD for ITSA beta pilot regularly and have already gone through the first round of quarterly updates. Our MTD for ITSA beta enables our product team to work with HMRC to iron out processes and create the best possible experience for accountants and their clients.

Through Xero's solution for current Self Assessment, plus the MTD for ITSA beta, you can transform the work you do for clients, driving efficiencies by removing manual tasks, delivering more accurate data, and offering seamless digital filing experiences.

If you want to stay one step ahead of the changes, become a Xero partner and talk to your account manager about signing up to the ITSA beta programme. MTD for ITSA is fast approaching, and it will bring exciting opportunities for the accounting and bookkeeping industry. Being prepared is key and the best time to start is now. Visit xero.com/uk/partnership/ to get started.



If you're still getting your MTD for ITSA plans in place – you are not alone.



Andy North, CMO, TaxCalc
Andy joined TaxCalc in 2021 to head up the marketing function having previously headed up AccountingWEB's business in both the UK and US. He regularly hosts webinars including the hugely popular MTD Readiness series with co-host Dean Shepherd.

As the 'get prepared for MTD ITSA' drumbeat gets steadily louder, the pressure on accountants to build and deliver the multi-faceted plan required grows.

But if you're not ready, if you're just discovering how the £10k threshold applies to your landlord clients or figuring out how you're going to convince Frank, the elderly car mechanic, to keep quarterly records, then you are not one of the laggards in this project.

FIVE WAYS TO TELL IF YOU ARE NOT PREPARED FOR MTD FOR ITSA:

1) **You have only just realised that your clients will need to make separate, quarterly submissions for their single rental property that they jointly own with their siblings.**
2) **You are unable to imagine how your 85-year-old client (who owns a small portfolio of property and has never so much as opened a spreadsheet) is going to need to maintain complete and up-to-date digital records of every rent payment and expense all year round.**
3) **You struggle to negotiate an incremental increase in prices in a normal year (and suspect that you are grossly undercharging anyway).**
4) **You secretly wish that a good chunk of your client base would simply go and find another accountant but you've never had the heart to disengage them.**
5) **You suspect that any communications you send to your clients get ignored as a matter of course, regardless of what it's about.**

Over the past year, TaxCalc has been providing updates and support to accountants, helping them understand the decisions they need to make, the information they will need to know to make those decisions and, crucially, in what order any actions need to be delivered.

As part of this effort, we've hosted six webinars and (like all good webinars) have included numerous polls which allow us a glimpse into the evolving levels of understanding and appreciation of MTD for ITSA.

Let's take a look at some of the statistics we've uncovered:

- 36% of accountants suggested that they were 'burying their heads in the sand', while a further 32% indicated that they were 'just poking their heads above the parapet' (that's 68% displaying a limited amount of understanding, let alone preparation, for MTD)
- 70% had not committed to any plans for what services they ultimately wanted to offer clients under MTD i.e. whether to offer a full bookkeeping service, or allow clients to make their own quarterly submissions.
- 82% had either 'not communicated with clients at all' about MTD or had 'sent some information but found that clients were not really interested'.

It's useful to note that this polling was conducted between March and October 2022, during webinars specifically about MTD preparation, with an average attendance of 556 individuals working in small to medium-sized firms.

There are a number of given reasons for this lack of preparedness.

The most common excuse is a lack of time, cited by 64% of our respondents as a key contributor. But this seems to belie a deeper cynicism about the viability of the process as a whole. 33% of respondents cited doubts that the April 2024 start date would actually happen as an excuse for procrastination.

Obviously, HMRC's previous delays and postponements have fuelled this reticence and it's not hard to find voices insisting that it won't happen as planned in April 2024.

That said, the official HMRC line is that the project is still on track to become mandatory as scheduled.

It's therefore a big gamble to adopt a wait-and-see approach. If the cynics are wrong, there are going to be some long, sleepless nights for those who refuse to engage sufficiently in advance.

And even if they are right, there are very few indications that MTD will be permanently scrapped – the likely result would be another one-year delay and, as we will see, that is not very long when it comes to MTD readiness.

HMRC has, of course, not made this easy.

So far, there have been no meaningful communications emanating from Parliament Street to prepare sole traders or landlords for the imminent turmoil and indications are that there won't be until well into 2023. The effect of this is that those firms who have begun the process of informing clients that they will need to digitise, and potentially pay more for their accounting services, sound very much like the heating engineer who knocks on the door with news of a new environmental directive (that you've never heard of) requiring an expensive re-install. No one wants to be the bearer of bad news and it's unfair of HMRC to pass this buck to the profession.

In fact, the majority of information that does make it to the public is from bookkeeping software providers who seem to imply that MTD is nothing to worry about. This can only make the accountant/client conversation about increased prices even harder!

And on top of that there are still some considerable gaps to fill in terms of how MTD for ITSA will be implemented.

The requirement for a 'digital link' to be maintained between the original bookkeeping source and the End of Period Statement (EOPS) which will be submitted at the end of the year is still yet to be ruled in or out. Will an amendment due to a rogue transaction in Q1 need to be resubmitted, as HMRC's own developers imply, or simply accounted for in the EOPS? No one knows.

How will a bookkeeper (charged with making the quarterly submissions) work with an accountant managing the EOPS when only one of these two entities can be the authorised agent credentials for the client? Will they endlessly need to switch the authority? Will the bookkeeper have to pass their work to the accountant? Or back to the client? Any of these workarounds have the potential to get messy.

It's therefore not surprising that so many firms are still some way from having a well-rounded plan and most are well short of being fully prepared.

As we have discovered in compiling the 'TaxCalc Simplestep guide to MTD Readiness' the first, and biggest, hurdle is knowing where to start. So many decisions that need to be made are contingent on other decisions, and those starting the process rapidly descend into a vicious circle of unknowns.

For example:

Q How much will I charge for what used to be a tax return under MTD?
A It depends on what level of service you will offer

Q What level of service should I be offering?
A It depends on how much work you will need to take on for each of your clients.

HOW MUCH TIME WILL YOU SPEND EDUCATING YOUR CLIENTS ABOUT MTD FOR ITSA?

One of our customers in South Wales figured that, if he spends just 15 minutes speaking to each of his clients about MTD for ITSA, that exercise will keep him occupied for two whole weeks; and that's assuming he doesn't take a lunch break, they all show up on time and they don't have anything else to discuss!

Q How much more work can I actually take on and remain profitable?
A Well, that depends on how much you charge...

And then of course, once you've communicated to your clients what they need to do and agreed on how much your service will cost, there is the challenge of getting them to maintain real-time digital records. For those already using software, this should be no major problem – but, those who aren't, have the following options:

1. Persuade them to start (which could be an uphill struggle and has cost implications).
2. Get them onto spreadsheets (there are bridging software tools which make this more than viable).
3. Take on the work yourself (again with the cost implications, not to mention the endless reminders to send you the records every three months).
4. Cease to act for them (easy for some, a personal, moral, or social nightmare for others).

In any event, you're going to need some months to embed the new process into a habit and you're probably going to take more than a few support calls too.

If you're part of the majority who have further to go with MTD preparation than you've already come, don't despair. It will take time, probably at least a year for most firms, but there is still time enough for you to get through to April 2024 with your business, and your sanity, intact.

Sourcing talent during a perfect storm

Claire Randerson-Smith
Claire is an Associate Director at Longman Tax Recruitment. She is a highly experienced tax recruiter with over twenty years' experience working across the North of England.

As Elon Musk fires his staff, and then rehires staff as they are the "only" ones who can do the job, the global talent shortage is now really hitting home within the UK Tax Market too.

With 88% of tax professionals, we recently surveyed stating it is particularly challenging for their firm to recruit how can firms ensure they are able to attract the best talent and outpace the competition?

One maybe forgiven for not expecting things to be this challenging, after all it has been difficult to recruit within tax for some time. It is worth briefly understanding the multitude of reasons that have created this perfect storm we now face, before we look to improving your recruitment tool kit .

Reasons range from the obvious, **talent not moving freely from Europe** (with only 3% of companies in the UK currently able to offer visa sponsorship) to factors brought on by the pandemic such as an **increased number of over 50s retiring** without enough new talent coming onto the market to replace them. Prior to the pandemic we saw the Big 4 had already start moving towards hybrid and flexible work patterns to attract and retain talent, however now 85% * of tax professionals have the flexibility to work from home at least 1 or 2 days a week so the amount of **candidates seeking to change jobs to achieve a more flexible working pattern has significantly reduced post pandemic**.

The Office for National Statistics this month said average weekly earnings in the private sector rose at an annual rate of 6.6% during the three months to September 22. Within the tax market a focus on **retention combined with inflation at its highest since 1981 has resulted in a dramatic increase in salaries.** Across the North of England our survey showed that 23% had pay rises of between 6-10%% of their annual salary and a further 22% had pay increases over the current rate of inflation.

Our survey also shows that even really good news can still lead to recruitment challenges. Over 50% of our clients* have had significant growth in revenues since the end of lockdown with the majority of firms citing 2021 as their best tax year for some time. However, with teams under resourced team spirit is declining with a **whopping 71% of our survey feeling morale is "average" at best.**

So how exactly can firms successfully recruit during this perfect storm?

Understanding your employer brand and recruitment proposition is a key starting point
Every interaction during your recruitment and retention process creates touchpoints that contribute to the shaping of your brand and can be deal breakers for potential candidates. Do you understand why your employees leave for example? Exit interviews are a key element in understanding why someone left and are often undervalued HR documents put in a file and not read.

Strategically plan ahead
it can take months to recruit the right talent so allow enough time where possible. Think outside the box – if a candidate is lacking a skill, rather than waiting 6 months to find another candidate could you train them?

Build a relationship with a trusted recruiter – don't rely on advertising or LinkedIn
We spend all day talking to clients and candidates which gives us a clear idea of what the market looks like and in turn with our extensive networks helps us find you the right people (that are often not actively looking or responding to advertisements). Invite your preferred recruiter in to see the office and meet some key team members and talk to them about why someone should work for your firm over a competitor. These interactions we will often uncover selling points a firm has not pointed out Remember every time a recruiter speaks to a potential candidate, they are also shaping the firms brand so choose your Partner wisely.

The speed of your process from interview to offer is key
We often see candidates attending multiple interviews and offered within days of coming onto the market. Video interviews are now an accepted method and ensure the 1st interview is completed promptly. Take advantage of this and bring them into the office at second stage. When it comes to the offer it is critical the offer and contract are received in writing as soon as possible.

Think hard about getting the salary offer "right first time"
Don't low ball an offer is frank advice we offer all of our clients. You want the candidate to feel valued from the first moment salary discussions begin. This will go a long way to counteract any "buy back" discussions.

Have a plan for onboarding
Too often this process is managed by separate admin teams and not anyone the candidate met during the process. During their resignation period engage with candidates directly, ask the team to invite them to lunch, or socials. Ensure two weeks before at least they know the plan for their first week.

To conclude the storm is here to stay for the moment but with a focus on the right recruitment tool kit any employer can increase their chances of sourcing the right talent.

About Longman Tax Recruitment

Established in 2003, Longman Tax Recruitment is a niche tax recruitment business with a focus on the North of England.

For further information regarding our Annual Tax Career Satisfaction Survey results please contact Claire Randerson-Smith on **0333 939 0190**

*Data produced by Longman Tax Recruitment Ltd Annual Tax Career Satisfaction Survey Nov 22

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