Billed as the most important change in data privacy regulation in over 20 years, and with its enforcement deadline of 25 May 2018 fast approaching, ensuring General Data Protection Regulation (GDPR) compliance has become a top priority for the majority of Irish businesses.

Over the last year, the Institute has been helping its members to prepare for GDPR in a number of ways. For example, we have provided guidance via articles in recent issues of Accountancy Ireland, while in the last few weeks we have run a series of half day roadshows and courses in a number of towns and cities across Ireland. In addition, the Practice Consulting team has been busy preparing detailed practical guidance in this area, explaining what the changes resulting from GDPR will mean for accountants and their clients. This guidance will be available under the Knowledge Centre section of the Institute website, and is designed to answer the GDPR-related questions that members have contacted us on over recent months.

While preparing this guidance, it became evident that a number of “myths” have developed over the last couple of years surrounding the implementation of GDPR. In this article, I am going to address a few of these and try to help you ensure that you do not fall foul of these, as you prepare to achieve GDPR compliance at your firm.

**Myth 1 - GDPR Compliance is a once off project to be achieved by 25 May**

With so much hype surrounding the regulation, one should remember it is not a once off event or test for compliance. Unlike planning for the Y2K deadline in 1999, GDPR preparation doesn’t end on 25 May; it requires ongoing effort. It’s an evolutionary process for organisations; 25 May is the date that GDPR will be enforced but no business stands still. You will be expected to continue to identify and address emerging privacy and security risks in the weeks, months and years beyond May of this year.

GDPR will require ongoing governance of data, as organisations migrate to new systems or apply their customer data to new markets and trends. Initial compliance is the first heavy lift, but ongoing governance is the long-term reality!

All entities falling under GDPR should endeavour to be fully compliant by the implementation day, although this may not be possible in all instances. In such
circumstances it is important that you address the essential elements of compliance at your firm as soon as possible, and can demonstrate your ongoing efforts in this regard in a comprehensive documented plan of work.

**Myth 2 - GDPR is only for large firms, a small accountancy practice or company is not expected to have the time or resources to achieve compliance**

You will have to comply with GDPR, regardless of your size, if you process personal data. Small accountancy practices do not escape the demands of compliance. GDPR needs to be prioritised by all firms, regardless of size.

The vast majority of businesses across Ireland are small businesses and it is important to remember these firms often process a lot of personal data, and their data protection reputation and liability risks are just as real as for larger entities.

**Myth 3 - With Brexit, entities located in the UK, including Northern Ireland, will not have to comply with GDPR**

GDPR will apply to all EEA countries and any individual or organisations trading with them. As it comes into force on 25 May 2018 (before the UK is due to leave the EU), UK individuals & organisations must ensure compliance with the new regime by then.

The British government has confirmed that the UK’s decision to leave the EU following Brexit will not affect the commencement of GDPR.

Post Brexit, it is envisaged that if a UK organisation or individual processes personal data, then they will have to do this in accordance with GDPR. To ensure that the UK will be GDPR-compliant post Brexit, the new Data Protection Bill (currently going through Parliament in London) incorporates all of the GDPR.

**Myth 4 - GDPR is a completely new approach to Data Protection**

It is vital to remember that GDPR builds upon the existing legislation in this area. It is an update, not a wholesale revision, to meet the changes in technology and data use over the last twenty years or so. As a result of these changes, consumers’ privacy and data were not by now as well protected as they could be. GDPR rectifies this by increasing the responsibility on organisations to use personal data appropriately and to hold it securely.

Although GDPR is not a completely new approach, it is more stringent in its application and the fines for non-compliance have been considerably increased. This means that doing nothing is not an option, although GDPR does allow organisations to take a risk based approach, based on your size and circumstances.

Many organisations struggle to assess where they should start in preparing for GDPR. It is helpful to remember that we have had data protection legislation in both the UK and the Republic of Ireland for a number of decades and therefore, firms who have taken data protection compliance seriously are already in good shape for beginning to meet GDPR’s increased compliance standards.

**Myth 5 - GDPR is just more bureaucracy and work for small firms, with no potential benefits**

When legislation of this nature is announced, one can take either a positive or negative view of the task at hand. If you take a negative view, you will see GDPR as more bureaucracy and cost to your firm. If you take a positive view, on the other hand, you will view GDPR as a necessary strengthening of the rights of individuals, and indeed a potential opportunity.

As accountants position themselves as strategic advisers to clients, GDPR is also an opportunity for firms to demonstrate to clients that they can securely hold and process information in accordance with data requirements, and that protection of client data is a priority for the practice. As a result, clients are likely to see their accountants as trusted professionals with whom they can partner to drive their business forward. Therefore, being a leader in this area may enhance your practice and its reputation.

In addition, as trusted business advisors to your clients, you must have sufficient knowledge of this new legislation to be able to provide sound advice. SMEs need to be ready when the new law comes into force, but they may struggle to know where to start. Chartered Accountants in practice can help these small businesses bridge the gap to GDPR compliance and, in the process, win new business.

**Myth 6 - Outsourcing GDPR compliance will be a quick fix for me and my firm**

There is no quick fix to GDPR compliance. No one piece of software or outsourced service provider is going to provide everything you need to comply with GDPR. For accountancy practices, GDPR will impact on how you manage and store data across your entire firm (e.g. client, prospective client, contact, supplier and staff data). You cannot outsource your responsibility for this information, and compliance with GDPR will require considerable time and preparation from all levels within your practice.

With the implementation date of 25 May approaching quickly, it is important to start sooner rather than later on this.
Myth 7 - GDPR only applies to Digital Processing
Under GDPR, data processing covers both automated personal data and manual filing systems. Manual/paper records are included if they are part of a ‘relevant filing system’. This means papers stored systematically, for example, in a filing cabinet are probably included, but ad hoc paper files may not be.

Members should ensure that they apply the same levels of diligence to paper records as they do digital records and that any decisions made regarding the lawful basis for processing, adhering to data protection principles and upholding data subjects’ rights include paper records held.

Myth 8 - Under GDPR, accountants will only be seen as Data Processors and hence avoid much of the responsibility that falls on Data Controllers in this new regulation
The UK Information Commissioner’s Office (ICO) has previously advised that it considers that an accountancy firm providing accountancy services acts as a data controller. The firm’s status as a data controller in relation to clients arises because the firm has flexibility over the manner in which it provides services to its clients and will not be simply acting on their instructions. In addition to this, the firm has its own professional responsibilities regarding record-keeping and confidentiality. Therefore, because an accountant “determines what information to obtain and process in order to do the work”, firms act as “controllers in common” with clients. Under GDPR, member firms will also be data controllers with regard to their firm data (e.g. employee information). If there is any doubt regarding your status as a processor or controller in relation to your firm’s activities, you should take legal advice.

Going forward, firms will need to ensure that client terms and conditions reflect this reality, potentially extending engagement terms as appropriate.

No doubt, for many accounting practitioners, much work remains to be done to fully meet GDPR compliance requirements. Between now and the end of May, firms new to the process will need to examine their existing data processing, review their data protection policies, procedures & controls, and identify any gaps that need to be addressed. Following on from this, firms will need to implement any changes required in a structured documented manner to meet the needs of GDPR and continue to show full compliance long after the implementation date.

The Institute will continue to assist members on your GDPR compliance journey, with ongoing updates to our available guidance in this area and, should you have a specific query in this area, please feel free to contact the Practice Consulting Team.

NEW TOOLKIT AVAILABLE
Following the recent increases in audit exemption size limits, firms are recognising the importance of having robust procedures to deal with financial statements compilation assignments. With that in mind, Practice Consulting has launched our Audit Exempt Work Programme 2018 (ROI & NI) toolkit. This new toolkit contains a work programme that guides users through a set of relevant procedures for audit exempt companies, in both the Republic of Ireland and Northern Ireland.

• It has been extensively updated to reflect recent changes to FRS 102 and FRS 105 (including those resulting from the Triennial Review 2017), amendments to the Companies Act 2014 as a result of the Companies (Accounting) Act 2017, and changes to UK company law.

• Four new Disclosure Aide Memoirs have been included, covering Small Companies and Micro Companies in ROI and NI.

• Many of the individual sections now include guidance on some of the more complex areas of FRS 102 and FRS 105, including goodwill, revaluations of fixed assets and investment properties, investments, directors’ and connected company loans, and distributable profits.

For more information, please see the shop section of our website or email Bernie Walsh at practicemembers@charteredaccountants.ie

CPD COURSES FOR MEMBERS IN PRACTICE
Look out for the following courses designed with you in mind, all of which can be booked online through the Professional Development area of our website:

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<tr>
<th>Date</th>
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<tr>
<td>3 May (morning)</td>
<td>Practical Audit Update</td>
<td>Dublin</td>
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<tr>
<td>12 June (all day)</td>
<td>Going into Practice</td>
<td>Dublin</td>
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The start of 2018 has been busy in the Representation and Technical Policy Department at Chartered Accountants Ireland. We are pleased to bring to your attention some of the key matters we have been working on recently.

Technical Alerts and Releases
The following Technical Release has been published to provide guidance and assistance to members. It is available to read on CHARIOT online as well as in the Technical section of our website:

**Technical Release 02/2018 Anti-Money Laundering guidance for the Accountancy Sector in the UK**

Together with CCAB (The Consultative Committee of Accountancy Bodies), we have published new anti-money laundering (AML) guidance for all entities providing audit, accountancy, tax advisory, insolvency or related services such as trust and company services, by way of business in the UK. The guidance has been updated for the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 which transposed the 4th EU AML Directive in the UK. The guidance, which was published in draft by CCAB in summer 2017, was recently approved by HM Treasury. Technical Release 02/2018 replaces Miscellaneous Technical Statement 40 (Revised) Anti-Money Laundering Guidance for the Accountancy Sector in the UK (M40), issued in 2008 and withdrawn in 2017.

**Representations**

The following submissions were made in recent months. Representations are available to read on our website at [https://www.charteredaccountants.ie/Member/Technical/Representations1/2018](https://www.charteredaccountants.ie/Member/Technical/Representations1/2018).

**Rep 02/2018 Chartered Accountants Ireland response to the Monitoring Group Consultation**

In February, Chartered Accountants Ireland responded to the Monitoring Group consultation in relation to proposals aimed at strengthening the global auditing and ethical standard setting system.

**Rep 03/2018 Letter to the Department of Business, Enterprise and Innovation regarding provisions on audit exemption and filing extensions in the Companies (Statutory Audits) Bill 2017**

As we wrote in the December 2017 edition of Practice Matters, the Companies (Statutory Audits) Bill proposes to amend the Companies Act 2014 such that, following enactment, an application to extend the time to file an annual return could only be filed with the High Court and not the District Court as is currently the case. In February 2018, the CCAB-I Business Law Committee wrote to the Department of Business, Enterprise and Innovation (DBEI) in this regard. In that letter, Rep 03/2018, CCAB-I re-iterated its belief that late filing should not be penalised by way of loss of audit exemption, and expressed our concerns regarding the proposals in the Bill. Given that DBEI has not accepted those arguments, and that the loss of audit exemption sanction will remain, we encouraged DBEI to consider implementing proposals to change the timing of the penalties for late filing. We encouraged consideration to be given to applying the sanction prospectively rather than retrospectively as is currently the case, such that the loss of audit exemption would apply for the two periods subsequent to the period in respect of which the annual return has been filed late rather than the retrospective loss of audit exemption in respect of the period for which the annual return is late and the immediate subsequent period. We consider that this approach would be beneficial in allowing for appropriate time for an audit to be performed and, where necessary, identifying and appointing an auditor when the incumbent external accountant is not a registered auditor.

During Committee Stage of the Bill on 21 February, the Minister for Business, Enterprise and Innovation, Heather Humphries T.D., referred to our letter and said that she intends to bring forward proposals on Report Stage for the introduction of measures to “reduce the cost and lessen the impact of some of the more burdensome aspects of losing the audit exemption”. The Minister noted that these measures would include changes such that, when audit exemption is lost due to late filing, audits will take place for the current and following year, which will "remove the necessity to file documents for an historical audit". The Committee Stage debate can be read at: [https://www.kildarestreet.com/committees/?id=2018-02-21a.542](https://www.kildarestreet.com/committees/?id=2018-02-21a.542). CCAB-I looks forward to seeing the proposed amendments at Report Stage and will continue to monitor developments.
Statement of Insolvency Practice (SIP) 15B (Revised) Dealing with employees

SIP 15B (Revised) was published at the end of February. The main purpose of this Statement is to address the insolvency practitioner’s responsibility in dealing with employees, when appointed as a liquidator or receiver to an insolvent company. SIP 15B (Revised) has been updated to address the requirements of the Companies Act 2014. The SIP is effective for assignments commencing on or after 1 March 2018. SIP 15B (Revised) has been prepared in consultation with the CCAB-I Insolvency Committee.

Construction Workers Pension Scheme - Update on Letters of Compliance

With regard to procedures issued by the Construction Workers Pension Scheme (“CWPS”) for applying for a Letter of Compliance, we have received confirmation from the CWPS that the arrangements agreed in previous years continue to apply to 2018 Letters of Compliance. As such, if CWPS members find it more suitable to submit the P35 documents to the CWPS rather than an auditor’s or accountant’s letter, then the CWPS will accept the P35 documents as evidence of compliance for the purpose of issuing Letters of Compliance from CWPS.

FRC revises financial reporting standards

At the time of going to print we are aware that the FRC intends to publish imminently the revised suite of standards FRS 100 – FRS 105.

Irish Auditing and Accounting Supervisory Authority (IAASA) Feedback statement issued

In January, Chartered Accountants Ireland responded to IAASA’s consultation paper Supplementary Standards and Guidance. IAASA has recently published a feedback paper following its consideration of responses to that consultation paper.

In line with proposals in the consultation paper and following consideration of the responses received, IAASA has approved for adoption ISA (Ireland) 800 Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks and ISA (Ireland) 805 Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement with effect for periods beginning on or after 1 April 2018 (with early adoption permitted).

IAASA has also approved an editorial amendment to International Standard on Quality Control (Ireland) 1 in order to clarify the scope of its requirements relating to quality control.

In the Feedback paper, IAASA states that it will develop a plan for update and issue of supplementary guidance documents and will consider the merit of developing guidance in additional areas with appropriate steps in that regard to be included in the project plan.

The Feedback paper is available to read on IAASA’s website at the following link http://www.iaasa.ie/getmedia/89924581-0e13-4ea9-b9a3-c164fe110cf5/FeedbackPaper_Published_Final.pdf

NORTHERN IRELAND TAX DEVELOPMENTS

Making Tax Digital timetable unchanged

The Autumn Budget confirmed that the timetable for Making Tax Digital ("MTD") is unchanged from the revised timetable announced in July 2017. Under the current timetable, from April 2019, only businesses with turnover above the VAT registration threshold will have to keep digital records, and only for VAT purposes.

HMRC recently published the final VAT regulations for MTD for VAT after consulting on these in early 2018. The Institute’s Northern Ireland Tax Committee responded to that consultation and expressed a number of concerns in addition to making some recommendations to ease the burden on businesses and agents. You can read that response on the Institute’s website in the tax representations section at https://www.charteredaccountants.ie/knowledge-centre/Tax/Representations.

Chartered Accountants Ireland recommends that firms and business continue their preparations based on the current timetable. The Institute is also developing a MTD hub on our website which will be available in the coming weeks now that the detailed legislation has been enacted.
Chartered Accountants Ireland briefed the Dáil Committee of Public Accounts (PAC) on the corporation tax system in advance of the Committee’s questioning of Revenue and the Department of Finance on 22 February.


The Public Accounts Committee was prompted to review the corporation tax system following the publication of Chapter 20 of the Comptroller and Auditor General’s report of 2016 which noted the potential risk to tax revenue in the corporate sector due to the high concentration of tax receipts from a relatively small number of large corporates.

ANNUAL CONFERENCE 2018

This year’s Annual Conference ‘Evolve 2018’ will take place on Thursday 10 and Friday 11 May in the stunning Lyrath Estate in Kilkenny. It’s even bigger, running over two days, with a new Practitioners Forum taking place on day one covering some of the most critical issues relevant to those in practice today, and the main conference on day two.

Thursday 10 May (4hrs CPD) – Practitioners Forum

On the Thursday 10 May we kick off the day with a golf outing in the morning. The Practitioners Forum takes place in the afternoon with a focus on leadership and development of your practice, technology in the area of fraud detection, as well as a session on GDPR for practices, and a not to be missed interactive workshop outlining tried and trusted methods for growing your practice with international expert Martin Bissett.

Later on you can wind down the evening whilst networking with your friends and fellow professionals at our barbeque event in the setting of Lyrath Estate.

Friday 11 May (7hrs CPD) – Main Conference

Once again we will have an inspiring, informative and engaging mix of Irish and international speakers across a number of streams allowing you tailor the conference to your specific needs. The focus will be on changes in the profession and in the nature of work, where we will hear from an array of speakers including thought leader and best-selling author of ‘The Future of the Professions’ Daniel Susskind, Dr Brian Keegan on Tax and Brexit, and Conal Kennedy on the ‘Seven deadly sins in accounting for SMEs’.

It would be fantastic to see as many of our members in practice as possible joining us for the Practitioners Forum in particular, but also at the main conference in our new setting in Lyrath Estate in Kilkenny. Come for the focused learning opportunities, the CPD hours, the amazing speakers or networking opportunities with fellow members at our gala dinner. You can be sure to leave in a positive frame of mind with a clearer understanding of the future direction of business, finance and your profession.

We have a range of packages available to suit everyone and we would strongly encourage you to book tickets online today particularly if you require accommodation, as hotel rooms are limited and likely to sell out fast.

Full details of our ever expanding line up of Irish and international speakers can be found on our conference website: www.charteredaccountants.ie/annualconference