Gary McErlean of Quarter Chartered Accountants writes:
The ancient saying that change is the only constant seems to be more true today than ever before. The pace of change in the accounting world, driven by continuous technological advances, has never been swifter, or more unforgiving.

As a practice which has embraced and adopted the new technologies available, we at Quarter Chartered Accountants can confidently say that this has only been advantageous.

There are various Cloud Accounting Software providers such as Xero, Surf, Quickbooks, Sage 1 etc. A few years ago, we decided to invest time with Xero, and I thought it would be useful to outline some of the areas where we have benefited from significant time (and ultimately cost) savings by utilising a Cloud Accounting System.

Bank reconciliations still comprise a key component of the accounting process, with staff time requirements being quite significant with bank accounts comprising high numbers of transactions. Not any more – Cloud Accounting Systems have the ability to link directly to most banks, with all underlying transactions being posted within the accounting system automatically, and on a daily basis. Granted that, although such a system automatically records every single lodgement and payment going through the bank, it doesn’t necessarily know where to post the other side of the transaction. However, all the processor needs to do is click on each item and allocate it to the relevant nominal code etc. The time required to do this is a fraction of the time required to post the bank the old fashioned way. Furthermore, the system learns, or can be told, where certain recurring items should be posted and this can also be done automatically, saving even more time.

Cloud Accounting Systems also link in with lots of different mobile phone/tablet apps. For example, there are apps that allow the user to take a photograph, on their mobile phone/tablet, of supplier invoices which are then automatically posted to the Cloud Accounting system, to which the app is linked. All you have to do is approve the transaction.

Based on the above, it is therefore quite conceivable for all your bank transactions and your supplier invoices to be posted to your Cloud Accounting System before you have even opened it!
Another prominent feature of Cloud Accounting Systems is that they can be accessed from anywhere with an internet connection. Gone are the days when all work was carried out in the office on a 9 to 5 basis. It is becoming increasingly common for people to work from home, or on the move, and with the ability to log in to their accounting system being as equally mobile, the business finances can be processed or monitored anywhere on a real time basis.

Cloud Accounting Systems provide a platform for offering a more regular reporting service to clients, which is better for the firm as well as the clients. They allow practices to develop client relations and, in our experience, leads to additional revenue streams being generated.

In summary, if I was to use one word to sum up the effects of these technological advances in Cloud Computing, it would be EFFICIENCY, and, in my opinion, those that want to survive and thrive in this ever changing world of technology need to embrace it.

Gary Mc Erlean is a Principal in Quarter Chartered Accountants, and is a member of the Members in Practice Committee of the Institute. The Members in Practice Committee represents the interests of smaller practices.

### REMINDERS FOR STATUTORY AUDITORS

The Professional Standards Department (PSD) writes:

#### Dividend Payments (UK)

FRC have asked that PSD draw attention to the following for UK auditors. When performing a UK statutory audit, firms are reminded to ensure compliance with the relevant laws and regulations in relation to dividend payments. Specific provisions of the Companies Act 2006 ("CA 2006") need to be satisfied, particularly in relation to situations where interim accounts are required to justify the distribution. FRC best practice in this area is set out below.

- Agree that dividends paid or payable are in accordance with the company's constitution, appropriately authorised and correctly calculated.
- Determine legality of dividends paid during the year, by checking there were sufficient distributable profits as based on the latest properly prepared accounts.

Follow the guidance below:

**CA 2006 Part 23 Distributions**


For public companies, management need to ensure the company met the 'net assets test' as set out in s831 CA 2006 both at the time of the distribution and immediately following it.

**Justification of distribution by reference to relevant accounts (s836 CA 2006)**

Relevant accounts are the last annual accounts, except where the distribution would be found to contravene s836. In this case, interim accounts may be used to justify distributions. If the distribution is proposed to be declared during the company’s first accounting reference period, it may be justified by reference to initial accounts.

- Where the last annual accounts have been used to justify a distribution, ensure the requirements of s837 CA 2006 have been met.
- Where interim accounts have been used to justify a distribution, ensure the requirements of s838 CA 2006 have been met.
- Where initial accounts have been used to justify a distribution, ensure the requirements of s839 CA 2006 have been met.

- Determine that dividends declared during the period but unpaid at the balance sheet date are properly recorded as liabilities.
- Ensure that non-distributable reserves have only been applied for permitted purposes.

**Reporting of relevant contraventions (ROI)**

Registered audit firms in the Republic of Ireland are reminded of the requirement of section 921(3) of the Companies Act 2014 to establish procedures within the firm for employees to report certain matters. The procedures should facilitate the reporting of relevant contraventions or suspected relevant contraventions. A Relevant contravention is defined (in section 900 of the Companies Act 2014) as:

"(a) a breach of the standards of the prescribed accountancy body by a member of that body, or,
(b) a contravention by a statutory auditor of a provision of
   (i) section 336 or 337,
   (ii) Part 27, or
   (iii) Regulation (EU) No 537/2014"

The legislative references in (b) above relate to statutory audits.
Look out for the following courses over the coming months designed with small and medium-sized practitioners 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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<td>Belfast</td>
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**RECENT PUBLICATIONS**

*Business Innovation and Growth: Tax Incentives and Sources of Funding* by Andrew Bourg, FCA and Derek Henry, FCA

There are significant direct tax and funding supports available in Ireland to encourage innovation and business growth. This new book provides a roadmap to these supports and incentives for undertaking and planning innovation, and at all stages of the business lifecycle. It explores today’s funding landscape for SMEs, considering equity and debt finance options, government funding and supports, and other, relatively new funding sources such as peer-to-peer lending and crowdfunding. Additionally, the book advises on how to get ‘investor-ready’ by preparing to plan, apply for and secure investment.

Written in a clear and accessible style with the use of examples and case studies based on the authors’ extensive experience, this book is aimed at business owners or the finance team within companies that are seeking to ensure all funding sources and supports are availed of, or considered by SMEs. A must read for business owners and their advisors.

Members’ price: €45.00  Pages: 398  Available at [www.charteredaccountants.ie/shop](http://www.charteredaccountants.ie/shop)

**TAX MATTERS**

The Chartered Accountants Ireland Tax Department writes:

**NORTHERN IRELAND TAX DEVELOPMENTS**

Digital VAT is here

The first phase in HMRC’s Making Tax Digital (“MTD”) for business project commenced on 1 April 2019 with the introduction of MTD for VAT. In this edition we set out what is specifically required under MTD for VAT and how HMRC will apply the rules in its first year.

The regulations introducing MTD for VAT apply to any VAT-registered business with a taxable turnover exceeding the UK VAT registration threshold (currently £85,000). This means that the first VAT return period commencing on or after 1 April 2019 must meet the requirements of MTD for VAT unless:-

- the business has received confirmation from HMRC that the start date is deferred to 1 October 2019 because it is classed as more complex; or
- an exemption is already available from online VAT filing or an application to be exempt from MTD for VAT has been accepted by HMRC; or
- the business is subject to an insolvency procedure.

This means that businesses which file quarterly VAT returns on a calendar year basis will first need to meet the requirements of MTD for VAT for the VAT return period 1 April 2019-30 June 2019 which will be due for filing as normal on 7 August 2019. HMRC’s VAT online portal will no longer be available for filing VAT returns online.

The MTD for VAT rules impose additional recording keeping and filing requirements on affected businesses but make no change to the VAT rules for calculating VAT and filing returns – these elements of VAT are unchanged.

At the heart of the regulations are two new core requirements:-

- Digital record keeping – for the very first time businesses are now required to keep and preserve certain digital records. The regulations (The Value Added Tax (Amendment) Regulations 2018) and HMRC’S VAT Notice 700/22 both set out in detail which records must now be maintained digitally;
Electronic filing of VAT returns – to submit a VAT return, businesses must use information stored in their digital records combined with “functional compatible software” to submit VAT returns directly to (and receive responses from) HMRC.

“Functional compatible software” is defined as software which maintains the mandatory digital records, calculates the VAT return position and submits it to HMRC using an Application Programme Interface (“API”). An API is a piece of software which acts almost as an agent by allowing two different software applications to send and receive information to each other.

The UK software industry has responded to MTD for VAT by developing a range of specific software options which includes bridging software and API enabled spreadsheets.

HMRC have introduced a “soft landing” period for the first year of MTD from VAT (i.e. the first year from either 1 April 2019 or 1 October 2019). Under this, where a digital link has not been established between software programs, HMRC will accept the use of cut and paste for these VAT periods. Cut and paste will not be acceptable after this period has elapsed.

HMRC have also announced that for the first year a ‘light touch’ approach will be adopted in respect of the two core requirements if a business “does their best to comply”. In such cases, no filing or record keeping penalties will be issued though the normal VAT default surcharge rules will continue to apply.

Sign up timelines guidance for MTD for VAT have also been published. Agents and businesses are reminded that a business must be signed up for MTD for VAT at least seven working days in advance; HMRC will not do this automatically.

Numerous documents relevant to MTD are also available on GOV.UK. The Institute also has an MTD hub which contains resources and guidance on this important change and the MTD project more generally.

The Institute would like to hear about your experience with MTD for VAT so far. Let us know if you’ve signed up your business or clients for MTD and if you took part in the trial before the system went live on 1 April. What has your experience to date been? Tell us so that we’re equipped with the right information to discuss progress to date and any issues/problems with HMRC. Please email your feedback to: leontia.doran@charteredaccountants.ie.

REPUBLIC OF IRELAND TAX DEVELOPMENTS

2018 ROS pay and file deadline: 12 November

Revenue recently announced the extended Revenue Online Service (ROS) return filing and tax payment deadline for Form 11 income tax returns and for Form IT38s for Capital Acquisitions Tax (CAT) is 12 November 2019.

The Pay and File deadline is 12 November 2019 for taxpayers who file a 2018 Form 11 and make the appropriate payment through ROS for:

• Preliminary Tax for 2019 and
• Income Tax balance due for 2018.

For beneficiaries who received gifts or inheritances with valuation dates in the year ended 31 August 2019 who make a CAT return and the appropriate payment through ROS, the due date is also 12 November 2019.

Recent matters raised with Revenue

RCT bulk rate review and VAT Return of Trading Details

Members have been in touch to raise concerns about the difficulties faced by businesses operating RCT as a result of the bulk rate review (BRR) run by Revenue in April. The main issue appears to be the rate increase of RCT withholding tax to 20 percent and 35 percent due to outstanding VAT Return of Trading Details (RTDs).

Chartered Accountants Ireland have requested that Revenue assist businesses in the restoration of lower RCT withholding tax rates given the damaging cash flow implications of withholding tax on much needed payments to the businesses concerned, many of whom have excellent tax compliance records.

Revenue places a great importance on RTD compliance. Non-compliance results in issues with RCT withholding tax rates as currently demonstrated, along with tax clearance issues and delays in tax repayments.

There are self-service options in ROS for agents/customers to (i) see the issues giving rise to a RCT deduction rate increase, and (ii) having fixed those issues, re-run the review to restore the pre-BRR deduction rate. Guidance on the eRCT system, including the rate determination, is set out in Revenue’s Tax and Duty Manual, 18-02-05 on www.revenue.ie.

Online Phased Payment Arrangement for tax debt

The new online Phased Payment Arrangement system was launched in March this year. Initial feedback from members raises concerns on the inflexibility of the new system along with issues with a reduced threshold of tax debt for informal repayment arrangements. Chartered Accountants Ireland has raised these issues with Revenue and will report back in eNews on the outcome.

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The Chartered Accountants Ireland Representation and Technical Policy Department (RTP) writes:

Technical Alerts and Releases:
The following Technical Releases have been published recently to provide guidance and assistance to members. These documents were produced by the Consultative Committee of Accountancy Bodies-Ireland (“CCAB-I”) (of which Chartered Accountants Ireland is a member) and are available to read on CHARIOT online as well as in the Technical section of our website.

Technical Release 01/2019 ‘Anti-Money Laundering Guidance Republic of Ireland’
This Technical Release sets out guidance for accountants regarding the nature and extent of their responsibilities to prevent, recognise and report money laundering and terrorist financing, in the light of significant changes introduced by legislation implementing updated and extended EU requirements set out in the 4th Anti-Money Laundering Directive. Key areas of change include:
• greater emphasis on identifying beneficial owners of businesses;
• a wider definition of politically exposed persons;
• a requirement to apply procedures based on an enhanced risk based approach to assess and respond to potential money laundering or terrorist financing; and
• enhanced requirements relating to client identification.

Technical Release 02/2019 ‘GDPR Guidance for Insolvency Practitioners’
This Technical Release highlights features of the General Data Protection Regulation (“GDPR”) which are of particular importance for insolvency practitioners (“IPs”). The guidance relates to the duties and responsibilities for IPs in their capacity as appointed insolvency office holders whether acting as liquidator, receiver or examiner and also includes a section of FAQ’s. CCAB-I consulted with the office of the Data Protection Commissioner in the development of this Technical Release.

PSRA new licence applications 2019
The Property Service Regulatory Authority (“PSRA”) has issued revised forms for new licence applications in accordance with the Property Services (Regulation) Act 2011 (Client Moneys) Regulations 2012, reflecting changes to make them consistent with the renewal application forms which were amended in 2018. The following forms replace the previous versions and should be used in making applications for a new licence in 2019:
• Accountant’s Report PSRA 30 - Form A; and
• Accountant’s Report PSRA 30 - Form B.
The updated forms are available on the PSRA’s website:

In June 2018, Chartered Accountants Ireland published Technical Release 03/2018 ‘Licence applications under the Property Services (Regulation) Act 2011 and the Property Services (Regulation) Act (Client Moneys) Regulations 2012’ to provide guidance to members when assisting their clients with the licence application and renewal process. This document is available on CHARIOT online as well as in the Technical section of our website.

Register of Beneficial Ownership of Companies and Industrial and Provident Societies
Following Article 30 of the Fourth EU Anti-Money Laundering Directive, each Member State was required to enact legislation for the requirement of companies and legal entities to hold adequate, accurate and current information on their beneficial ownership. This came into force under Statutory Instrument No 560/2016 which had a commencement date of 15 November 2016.

The Directive also required beneficial ownership information to be held in a central register. In April 2019, Statutory Instrument No 110/2019 established the Register of Beneficial Ownership of Companies and Industries and Provident Societies (RBO). SI No 560/2016 was immediately revoked and replaced by SI No 110/2019.

The RBO has recently launched its website (https://rbo.gov.ie/) and will begin accepting online filings from 22 June 2019. All submissions must be made online with no filing fee as there are no paper forms and the RBO office is not open to the public. All submissions should be made before 22 November 2019 otherwise companies and legal entities will be in breach of their statutory duty to file.

CONTACT POINTS

Practice Consulting (General)
E-mail practicemembers@charteredaccountants.ie
Fax + 353 -1- 5233 997
Telephone: Bernie Walsh + 353 -1- 6377 300

Practice Consulting Team
Conal Kennedy + 353 -1- 6377 396
Michael McAllister +353 -1- 6377 252
Jeremy Twomey +353-1-5233 972

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