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Finance

How to make 2017 a successful business year

By The UK200Group
Finance
Published: 3 January 2017

As 2016 has ended, our thoughts inevitably turn to the year ahead and what it holds. There are few who, at the start of the year, expected to finish 2016 with Britain set to leave the EU and Donald Trump elected as President of the US.

But what does 2017 hold for the UK's SME and owner-managed business sector?

The UK200Group is the UK's leading membership association of independent chartered accountancy and law firms, whose members act as trusted business advisers to over 150,000 SMEs.

The association brings together expert lawyers and accountants on a regular basis. Two of the group's members give their views on how the business community can ensure that 2017 is a successful year.

Will Abbott, Partner and Head of Business Advisory at UK200Group member Randall & Payne LLP, said, "Most businesses we work with are facing the twin challenges of growing the business and growing the team to service it. That means becoming the business that people want to go to work with and to go to work for. Often the focus is on one or the other. Brexit is likely to have an impact on both areas in 2017. Now is a great time to reflect on what is the one thing you could do in 2017 that would move you towards becoming the go to business."

Graham Purvis, Managing Director of UK200Group member firm Robson Laidler Accountants, said, "There is still much uncertainty around where Britain fits in the world following Brexit. Up until the High Court's ruling that Brexit cannot begin without MPs' backing, Theresa May was expected to trigger Article 50 before the end of March 2017, formerly starting the two-year exit programme. Although the Government is now set to appeal the decision in the Supreme Court, the schedule is now still up in the air.

"Regardless of the timings, negotiations need to be worked out with Europe, and new trade agreements need to be settled with non-EU markets across the world to ensure Britain remains a global player. Add to this the appetite for a second independence referendum in Scotland, and 2017 looks to be challenging for the UK's 5.4 million SMEs as it struggles to know its role in the world economy.

"More specifically, the SME community in 2017 needs to be preparing for what will be the biggest change to the tax system for a generation – Making Tax Digital.

"Chancellor Philip Hammond has already revealed that HMRC is in the final stages of its consultation period with the business community and hopes to announce its strategy for this roll out in January 2017, meaning businesses will only have 15 months to deal with the changes.

"And with the SME community being targeted first to use this new digital tax reporting system, it is going to mean a big technological shift and financial burden for them as they deal with overheads for setting up a digital accountancy system and time and effort spent learning how to use it and keeping it up to date. It's not just a case of putting a few numbers in various boxes – it takes a whole new set of skills to use these programs properly. However, this is where using your accountant to help you embrace this change as it comes into play."

The UK200Group, established in 1986, represents a significant group of trusted, quality-assured business advisers – chartered accountants and lawyers – who have over 150,000 SME clients in total. As such, the UK200Group acts as the voice for 1,899 charities, over 12% of all registered academies, more than 3,887 farms, 800 healthcare businesses and over 4,000 property and construction professionals.

TAXATION

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A pressing matter

A recent conference proved that Making Tax Digital was a top concern. Although there may be benefits, ANDREW JACKSON explains that there are many issues HMRC should address.

Making Tax Digital (MTD) was by far the most pressing matter discussed at the recent UK200Group Annual Conference, and it's certainly one of the most ambitious changes to the system of taxation that HMRC has ever proposed. Although there are great benefits to be obtained from MTD, I think it is problematic for the tax advisory and accounting professions for several reasons.

- The principle of self-assessment will change fundamentally.
- The HMRC-taxpayer relationship and the role of agents will change significantly.
- The timescale for implementation seems short for full consideration and resolution of the issues, especially of technology.
- HMRC does not seem to understand how accounts are prepared and used by businesses. It seems to regard tax as the primary purpose of accounts, and to seek to alter generally accepted accounting practice (GAAP) for its convenience and for introducing MTD without regard to the needs of other users of accounts.
- Taxpayers' appetite to engage with MTD is small, and the proposals seem to offer few benefits to offset the costs.
- Taxpayers' ability to engage has been overestimated, and the cost and difficulty of overcoming the obstacles have been understated.

The common theme comes down to the relationships. How should the various parties (taxpayer, HMRC, agent) interact with one another, in a legal sense as well as a practical one? How well are these relationships understood at the moment? How well has the future of them been defined?

KEY POINTS

- Making Tax Digital will change the relationship between HMRC, agents and taxpayers.
- A better exchange of information is welcome, but not the level of information that must be provided.
- Flexibility is essential so that taxpayers can deal with their additional obligations.
- The present state of HMRC's administration does not give confidence.
- The advantages of Making Tax Digital for taxpayers are difficult to perceive.

Objectives of MTD

The aims of MTD are to reduce accidental errors, increase information flows and reduce the administrative burden of tax, all three of which are excellent objectives that I fully support.

So much for the ends: what about the means? Although not explicitly set out in the consultation documents and the discussions around them, the MTD project seems to split into two main streams: building a better infrastructure for information exchange, and increasing the scope and detail of information provided.

Assuming that the technology works, I welcome the former because it must help towards all three objectives. However, I have some reservations about the latter. In particular, the new reporting standards impose new responsibilities that do not seem to be in line with self-assessment principles. These responsibilities will certainly increase the administrative burden, which for smaller companies represents a significant cost. I am also not convinced that increasing the information gathered will deliver the benefits to the degree anticipated in the consultation.

Consideration of the new responsibilities leads to a deeper reassessment of how the tax system works and how it ought to work. This gives a third stream, not set out in the consultation: defining the rights and responsibilities of the various parties involved.

Order of service

My view is that these different aspects of the MTD project should be taken in stages.

- First, build a better infrastructure to share information now provided.
- While that is being done, establish the principles of the various relationships under the current regime and under a future digitised regime.
- Once both of the above are complete, identify new areas of information provision to help people understand the principles of the new relationships in a digitised regime.

This would deliver immediate efficiency gains for HMRC and taxpayers, while ensuring that future developments deliver benefits that outweigh the administrative burdens.

However, the current proposals are the reverse of this order: they envisage making changes to taxpayers' obligations before they have been properly considered, which will risk imposing burdens without having established how benefits will derive from them.

Relationships

MTD will inevitably change the way that our SME and owner-managed business clients operate and, for many, that change is unwelcome.

I think the Revenue's view of the HMRC-taxpayer-agent relationship is broadly (and without too much caricature) that HMRC and the taxpayer have the primary relationship, and the agent merely advises the taxpayer and handles a certain amount of post. My view of the agent's role is more to act *in loco clientis*, as it were: most clients would prefer the agent to sort everything out with HMRC, with the taxpayer merely signing documents and the occasional cheque.

The essential difference is that, under the latter model, HMRC should default to communicating with the agent rather than the taxpayer. This is perhaps analogous to the way that house purchases are handled through agents and solicitors: not only is there no need for the principals to communicate directly, but attempting to do so would normally be considered rather inappropriate.

For MTD, this would translate into the possibility of a taxpayer authorising an agent to handle all correspondence with HMRC – with the option of more granularity, such that one agent might deal with PAYE and another with VAT for example. Flexibility is important here: if taxpayers are to have additional obligations, they should be empowered to deal with them as they see fit. If taxpayers are not readily capable of dealing with those obligations this is even more important: handling a digital tax account on behalf of an aged relative will require an informal agent to be far more closely involved than simply filling in a tax return.

More important is the position of the taxpayer. At present, self-assessment means that the taxpayer decides which figures are relevant to their tax return – and what they amount to. The MTD proposals mean that HMRC will prioritise information from third parties: if a taxpayer disputes a figure submitted to HMRC by a bank, for example, they must sort it out with the bank.

A fundamental change

This takes us into direct assessment by HMRC, with the taxpayer not even able to appeal directly to the department; they must act indirectly through the bank. This is a fundamental change in the tax system and I do not believe that it should be introduced in this manner. Quite apart from the fact that it comes as an accident of the introduction of technology rather than as a policy decision in its own right, I would suggest that we should first ensure that information can flow properly and only then should we rely on those information flows as definitive.

Finally, we have the business relationship between taxpayer and agent. I think it is safe to say that the proposals require more time to be spent on managing information flows. The question then is: 'Who should be spending that time?' Unless the client can be relied on to do the work properly (not always the case), the tax adviser has a choice: do the work and charge the client more; drop some other work to make room; or accept lower recoveries.

> ***"MTD will inevitably change the way that SME and owner-managed business clients operate."***

But within these choices there are hidden questions. Can economies of scale be found and will closer engagement with accounts in real time reduce costs overall? With the aid of the simplifications in FRS105, can we focus more on bookkeeping and tax, and less on the accounts work? These could have profound effects on the shape of an accountancy practice, but it is not yet clear what those effects might be.

Timescale

Although HMRC appears confident that the technology will be in place, I am not encouraged by the present state of the department's internal communications. For example, where class 1 National Insurance contributions have been reported through real-time information (RTI), and class 4 is included on the return with a capping calculation, we find that the calculations are being 'corrected' to show nil class 1 because the actual figure has not yet made its way through the system, even after several months. This is not a particularly unusual or complex situation, yet it is causing us frequent problems. There is much ground to be made up if we are to have comprehensive information flows on demand.

Clearly, accurate reporting relies on accurate data and information management underpins this whole system. Having said that, failures in information-sharing by HMRC are less significant than failures in allowing reporting: if taxpayers cannot see all the information available they are no worse off than they are now, but if they cannot submit mandatory reports they will suffer costs in both time and money. Perhaps more importantly, their engagement with the system could be seriously eroded.

Ideally, the timescale would allow the less critical information systems to be tested first, and give more time for the robust development of the more critical reporting systems.

Accounts preparation

In essence, HMRC officials think that if small businesses use dedicated accounting systems errors will reduce, and if people are making fewer errors they should have a more accurate idea of how their businesses are performing. That has to be a good thing – all else being equal.

For larger companies with financial controllers, accounts teams and reasonably sophisticated software accounting systems in place, the switch will be much easier than for smaller businesses without a dedicated accountant or bookkeeper. An accounting system requires someone to use it, and any business without someone to input the data, keep the system up to date – and who is aware of how things need to be done – will have to get to a place where they have one. Often, that will be a bookkeeper who has never had to deal with taxation before and the learning curve may be steep.

Further, HMRC does not seem to appreciate why people aren't using accounting systems at the moment. I think what the department has failed to identify is that business people are not doing it now because the cost of implementing one is not just financial, but includes time and effort spent learning to use it and keeping it up to date. Rather than being a case of putting a few numbers in various boxes, it takes a whole new set of skills to use these systems properly. Prompts, nudges, and pop-up help boxes will not do the trick.

HMRC seems to acknowledge this, and proposes that businesses be allowed to use simplified methods for doing their accounts. Unfortunately, not only does this miss the point – that if basic data entry is incorrect, even simple tax calculations will also be wrong – but it would destroy a lot of the useful information that is the whole point of preparing accounts in the first place. For example, the suggestion in the consultation seems to be that the main point of a stocktake is to be able to calculate the cost of sales and thus taxable profit – no mention of stock control, inventory management, monitoring theft, or any of the primary purposes of actually doing it.

One final point here: dealing with HMRC is scary and dealing with computers is scary; and when money is involved the stakes are high. HMRC is too close to the realities of the tax system to appreciate people's perceptions of it and, in particular, the mind-numbing terror that the prospect of online tax can provoke. After all, pressing the wrong button could result in prison.

Costs and benefits for taxpayers

Put bluntly, it is hard to see the advantages of MTD for taxpayers. The main one cited by HMRC is that they will have a better view of their business – but MTD seems a high price to pay for something that businesses could already have if they wanted it.

There are certainly great advantages around the increased access to information, but at present they are somewhat eclipsed by the burden of quarterly reporting.

I have yet to find anyone outside HMRC who is enthused about the prospect. A couple of small businesses owners have admitted that they probably ought to be using something better than Excel; but some have also said that the prospect of using formal software is appalling, and they would just stop trading. All of those who have looked in detail at the work involved have come away rather dismayed.

Conclusion

The UK200Group tax panel has made several key recommendations to HMRC.

- Digital tax accounts should be set up now, providing:
  - a central place for a taxpayer to see the information HMRC has about them; and
  - a mechanism for providing HMRC with information simply and automatically, reducing the need for phone calls and letters.
- HMRC should consult on the future design of the tax system. Changes in the rights and responsibilities of various parties and, in particular, new obligations on taxpayers, should not be introduced until:
  - that consultation is complete; and
  - the necessary technology has been tested over a full compliance cycle (one year of interim reporting plus the end of year procedures).
- Simplifications of accounting should be optional, and for tax purposes only.
- Clear benefits for taxpayers should be identified, incorporated and publicised.

Overall, HMRC would do well to look at MTD as a selling opportunity. At present, it has a sound general idea for a product, but can't describe it properly. It does not seem to meet any customer needs, it's hard to use, and there are questions over reliability.

We've all seen *The Apprentice*: to make this pitch work HMRC needs a clear message setting out how taxpayers will benefit, it needs to give people an easy introduction to it, and it needs to convince them that it can deliver. Otherwise, the department will face a very hostile boardroom. ■

Andrew Jackson is chair of the tax panel at the UK200Group. He is also head of tax at UK200Group member Fiander Tovell LLP in Southampton.

TAXATION

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A pressing matter

By: Andrew Jackson

04 January 2017

A recent conference proved that Making Tax Digital was a top concern and there are many issues HMRC should address.

KEY POINTS

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- The HMRC-taxpayer relationship and the role of agents will change significantly.
- The timescale for implementation seems short for full consideration and resolution of the issues, especially of technology.
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- Taxpayers' appetite to engage with MTD is small, and the proposals seem to offer few benefits to offset the costs.
- Taxpayers' ability to engage has been ...

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Is This the End of the Buy-To-Let Property Dream?

In the latest squeeze on buy-to-let investors, a number of forecasters have announced that they are expecting slower growth (and in some cases negative growth) for house prices in 2017. In December, Nationwide announced that average prices had grown by 4.5% year-on-year, but estimates from a...

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- URL: http://www.accountingweb.co.uk/tax/hmrc-policy/mtd-is-being-tackled-in-reverse-order

MTD is being tackled in reverse order

Andrew Jackson, chair of the UK200Group tax panel, says the law governing relationships and taxpayer obligations should be hammered out before the IT infrastructure is designed for Making Tax Digital (MTD).

The Treasury is expected to feedback on the MTD consultation document responses later this month, but despite the tight timescales, there is still scope for the tax department to re-think how it approaches rollout.

Jackson told AccountingWEB.co.uk: "It is a good thing that it [MTD] will happen and there are an awful lot of very good things that could be done there, but they need to be in the right order. They need to be thought-out and we need time to bed it all in. The problem is, hardly a day goes by without yet another example of one part of HMRC not talking to another. It really doesn't give you confidence that it will be ready in just over a year's time.

"That timescale is the big problem they've got," he added. "They probably recognise that thinking it through would be nice, but they haven't got time to think about what they're doing before they do it because they've got to get it done by next April. They've got to leap before they look."

According to Jackson, HMRC is proposing to tackle MTD in the wrong order.

HRMC should start by building better infrastructure to share information and at the same time establish the principles of the relationships between HMRC, taxpayers and agents. From there, the Revenue can identify new areas of information provision to help people understand the principles of the new relationships in a digitised regime.

Putting digital tax accounts (DTAs) in place, in a similar fashion to what HMRC is doing with personal tax accounts (PTAs), and increasing the ability to exchange information should be the first stage:

"Get a platform in place that's optional to use, get that working, when we know that works make it mandatory and start bringing in the other stages. But until you've got the operating system installed you can't be forcing people to use the applications," Jackson told AccountingWEB.co.uk.

"They could say to taxpayers, 'here's the digital tax account, if you want to update it every quarter then great, here's the mechanism to do so', but if they don't want it to happen they have the ability not to as it's not mandatory. Then you would have the PR victory of saying 'we have digital tax accounts and that's what we said we were going to do', but without really irritating people by forcing them into it before they are ready. That would be the sensible way to do it."

Jackson added: "By saying 'here's an untested platform, we don't know how it works, you don't know how it works, but you're going to have to go straight in there and then we're going to start charging penalties if you get it wrong': That really raises the stakes".

Agent relationship

MTD will significantly change the relationship between HMRC, agents and taxpayers. For Jackson the big issue is how MTD impacts practitioners.

According to Jackson HMRC should default to communicating with the agent, as most clients would prefer the agent to sort everything out with HMRC, with the taxpayer signing documents and the occasional cheque. HMRC should only move away from that default position if the taxpayer actively wants to deal directly, or if the agent relationship isn't working.

Jackson said HMRC needs to re-think how it deals with agents, as they're the ones who are going to make it [MTD] work: "Taxpayers are going to be faced with this and say to their accountant 'what do we have to do?' If we say 'we can't do it because HMRC won't let us' then the whole project falls down.

"If we're able to say 'we can deal with HMRC, we can do your tax' that really empowers and enables agents, which means HMRC is dealing with people who know what they're talking about. It cuts out duplication of effort and allows us to do what the clients want us to do, which is to take a weight off their mind. It also saves HMRC a lot of time and effort, allowing them to deploy their resources more efficiently."

Jackson compared agent involvement in MTD to the process of purchasing a property: "If you look at other areas of life, like house-buying, it gets left to the professionals and that works well."

He added that changes in the rights and responsibilities of various parties should not be introduced until the necessary technology has been tested over a full compliance cycle.

On whether a delay to the MTD project is on the cards, Jackson said the project was already being delayed as people were expecting something of substance in the Autumn Statement.

"Like RTI and Universal Credit, it's great in theory but they just can't get it done in the timescale," he said.

Andrew Jackson's full article can be read in the latest edition of Taxation magazine. Do you think HMRC needs to re-think how it delivers a digital tax system?

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Is this the end of Scotland's buy-to-let property dream?

Last year saw major changes for buy-to-let investors throughout the UK

In the latest squeeze on buy-to-let investors, a number of forecasters have announced that they are expecting slower growth (and in some cases negative growth) for house prices in 2017.

In December, Nationwide announced that average prices had grown by 4.5% year-on-year, but estimates from a number of sources show that expectations for 2017 are not so positive.

Nationwide expects house prices to rise by 2% in 2017, compared to the Royal Institute of Chartered Surveyors, which expects a growth of 3%. The government's recent announcement of 14 new garden villages and three garden towns, totalling up to 48,000 new homes, will also have an effect on growth in house prices in the near future.

After years of a burgeoning buy-to-let market in the UK, 2016 saw the government take action to control demand for second houses in the UK, in the hope of increasing the availability of properties to first-time home buyers.

Firstly, in April, the government announced that tax relief on second homes would be reduced from 40% to 20% for higher-rate taxpayers, in a bid to reduce the incentives on property investment. Since April, there has also been a stamp duty surcharge of 3% added to tax on additional properties with a value of over £40,000. This means that a second home valued at £275,000, which would have incurred a standard stamp duty of £3,750 if bought last year, will now cost an extra £8,250 due to the buy-to-let surcharge: a total of £12,000 in stamp duty.

In November, Chancellor Philip Hammond announced the government's latest plan to curb the UK's buy-to-let market: a restriction on the size of a mortgage that people can get for a second home. Investors will now have to prove that they can make a profit of 25% from their rental income, even if interest rate rises increase their mortgage payments.

The UK200Group is the UK's largest membership association of independent chartered accountancy and law firms. **Member Steve Vickers, a tax specialist, said:** "Last year saw major changes for buy-to-let investors throughout the UK, the main one being the change to tax relief whereby if you are a higher-rate taxpayer, you can only obtain 20% tax relief on your interest on a buy-to-let mortgage, where you could previously claim 40% against your profits.

"We have to be careful because some taxpayers, depending on their other income, may find that they don't get any tax relief whatsoever.

"The more cynical amongst us would say that this is purely a revenue-raising exercise, but the more level-headed would say that it's an attempt to curb demand in a buoyant buy-to-let market, which, to be fair, would, at least in theory, help first time buyers.

"We have clients who have already divested themselves of some of their residential property portfolio to pay down mortgages on some of their remaining properties so as to mitigate the effects of the changes.

"In turn, this will increase supply, which, presumably, the government hopes will help to curb price rises.

"Others have considered incorporating into a limited company. But this route needs careful planning due to potential tax traps caused by the transfer to the new company."

In his Autumn Statement, Chancellor Philip Hammond announced that letting agents would no longer be able to charge letting fees to tenants in England, which in most cases will mean that the costs are passed on to the landlord.

John Painter, an accountant and chair of the UK200Group's Property and Construction Industry Group, said: "The transferral of letting agents' fees from tenants to landlords may seem simple; instead of letting the tenant deal with those costs, the landlord will now pay the up-front fee and raise the rent to cover the cost.

"In Scotland, letting agents have been banned from charging fees to tenants since November 2012, and research from housing charity Shelter has shown that the ban had a negligible effect on rents. This suggests that the letting agencies' costs are being absorbed by the landlord, eating into the modest profit margin of the buy-to-let investor.

"The change in legislation should, however, drive down letting agents' fees by increasing competition, as property owners have the power – and now the motivation – to choose letting agents with low fees."

So what can investors do to minimise the effect of all of the changes announced in 2017?

Painter added: "Investors who are individuals could consider incorporating their property investment portfolio to reduce the effect of some of the changes. However this is also fraught with hidden costs, such as Stamp Duty Land Tax, and may not always be appropriate."

Timescales for regulation and tax changes affecting buy-to-let lenders:

• Reduction in tax relief from 40% to 20% for buy-to-let investors in higher-rate tax bracket: Already in place
• Additional stamp duty surcharge of 3% for second homes: Already in place
• Increase in regulation on mortgages for buy-to-let investors: Came into action 1 January 2017
• Ban on letting agents charging fees to tenants: Yet to be announced

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Business Match

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- Reach: 625

- URL: http://www.businessmatch.org.uk/uk200group-advise-on-future-of-buy-to-let-property/

UK200Group advise on future of buy-to-let property

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Business Match

Steve Vickers

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John Painter, Chair of the UK200Group's Property and Construction Industry Group and Managing Partner of Worcester-based CB Chartered Accountants, said, "The transferral of letting agents' fees from tenants to landlords may seem simple; instead of letting the tenant deal with those costs, the landlord will now pay the up-front fee and raise the rent to cover the cost.

"In Scotland, letting agents have been banned from charging fees to tenants since November 2012, and research from housing charity Shelter has shown that the ban had a negligible effect on rents. This suggests that the letting agencies' costs are being absorbed by the landlord, eating into the modest profit margin of the buy-to-let investor.

"The change in legislation should, however, drive down letting agents' fees by increasing competition, as property owners have the power – and now the motivation – to choose letting agents with low fees."

So what can investors do to minimise the effect of all of the changes announced in 2017? John Painter continues, "Investors who are individuals could consider incorporating their property investment portfolio to reduce the effect of some of the changes. However this is also fraught with hidden costs, such as Stamp Duty Land Tax, and may not always be appropriate."

Timescales for regulation and tax changes affecting buy-to-let lenders:

• Reduction in tax relief from 40% to 20% for buy-to-let investors in higher-rate tax bracket: Already in place
• Additional stamp duty surcharge of 3% for second homes: Already in place
• Increase in regulation on mortgages for buy-to-let investors: Came into action 1 January 2017
• Ban on letting agents charging fees to tenants: Yet to be announced

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UKAuthority

- Date: 16 January 2017
- UKauthority.com generates digital public sector news, research and engagement.
- Reach: 1,264
- URL: http://www.ukauthority.com/news/6816/mps-urge-caution-on-making-tax-digital

MPs urge caution on Making Tax Digital

Treasury Committee says timetable for change looks unachievable and that small businesses will suffer from new burden

An overhaul to put all tax reporting online with compulsory quarterly updates – which could affect local authorities – will be a "disaster" if it is rushed, MPs have warned.

The Government's Making Tax Digital (MTD) project has been strongly criticised in a report by the Commons Treasury select committee.

A key feature of MTD will be a move away from annual tax returns for business towards digital record keeping and quarterly updates to HM Revenue & Customs. Most organisations will be forced to carry out their accounting in a set electronic format and submit quarterly updates to the taxman, in a phased introduction from April 2018.

But the report warns they could put companies out of business or encourage tax avoidance because of the additional costs and administrative burdens, particularly for the smallest businesses.

It also cast doubt on an official forecast suggesting the shake-up would bring in an additional £625 million for the Treasury.

Threat to revenue

The changes are more likely to result in lost revenue for the taxman because of the anger provoked among taxpayers, the committee said.

Andrew Tyrie, its Conservative chairman, said the 2018 timetable "looks unachievable" and called for a delay until at least 2019 to allow concerns to be addressed.

He said: "There has been insufficient engagement and consultation with the business community.

UKAuthority

"At present, many of those on whom demands will be made - millions of small businesses up and down the country, the backbone of the economy - are ill equipped to handle the reporting requirements."

Calling for delay, Tyrie added: "The long term future can, and probably should, be digital. Better to take care on the road than to have a road accident."

Exemptions

The report states that a consultation produced a long list of suggestions of organisations that should be exempt from MTD – including local authorities.

It concludes: "HMRC's current approach will require it to give very careful consideration to the many requests for specific exemptions, particularly in cases where the costs to the businesses concerned would be disproportionate.

"It may be that much more extensive transitional arrangements are preferable to an ever lengthening list of exemptions, both to reduce business costs and uncertainty and also to protect the yield."

The Federation of Small Businesses has claimed that the changes will cost the average small company an extra £2,770 a year, in addition to the £3,600 that it already spends on tax advice. Also, accountancy association UK200Group warned in November that the MTD programme is running on too short a timescale and will impose a burden on businesses to adopt new IT systems.

Mike Cherry, national chairman of the employers' group, said that the Treasury Committee's report was a "damning indictment of the government's mandatory tax plans as they currently stand."

But a spokesman for HMRC said: "Many businesses find it hard to get their tax bills right. Making tax digital will modernise the tax system, helping them to get their tax bills right with the least administrative burden.

"We have consulted business at every step and have already made changes as a result to exempt the smallest businesses."

growthbusiness.co.uk

- Date: 17 January 2017
- Growth Business UK is the latest news, advice and ideas for UK small businesses.
- Reach: 52,197
- URL: http://www.growthbusiness.co.uk/business-worth-think-2549363/

Is your business worth what you think it is?

New research reveals that business owners overestimate their business worth. A business owner with annual profits of £1 million might assume it could be sold for £10 million.

How would you react if you found out that you had been valuing your property at twice the price anyone was willing to pay for it? It's unlikely to happen if you keep a close eye on the selling prices of similar homes in your area, but if you were to assume a three-bedroom house in the Highlands would sell for the same price as a similar property in Mayfair, you might be in for a shock.

The same is true in business valuation, although owners are much less likely to have access to data on valuations of similar firms.

There is a wealth of reasons that the owner of an SME would want to know what their business is worth: sale of enterprise, shareholder dispute, divorce or even probate, or simply to ascertain better the position of their company.

"In smaller companies, there is a greater level of entrepreneurial impact on the data that is used to create a valuation. Small business owners may put costs through the business that a large corporate would not."

Until a valuation is carried out by a team of qualified accountants, no business owner can be sure what their company is worth. They may be tempted to estimate the value of their firm using an index such as the BDO Private Company Price Index, which shows the average Enterprise Value to EBITDA (EV/EBITDA) ratios of larger businesses, whose financials are publicly available.

EV/EBITDA relates the market value of a business to its Earnings Before Interest, Tax, Depreciation and Amortisation – a more comprehensive measure than price to earnings (P/E).

The BDO's most recent data shows an EV/EBITDA ratio of 10.0. By this measure, an SME owner with annual profits of £1million might assume that their business could be sold for £10million.

However, new data from the UK200Group shows that indices such as the BDO Private Company Price Index may lead the owners of small businesses to over-value their enterprises.

The UK200Group's members provide accountancy and law services to over 150,000 SME clients, giving the organisation access to valuation data relating to the smaller end of the market – companies valued at less than £25 million.

"A typical bank will lend around 2 to 2.5 times EBITDA, at typically 50 or 60 per cent loan-to-value. Because of this, the EV/EBITDA ratio of smaller firms will remain at 5 or 6. Larger businesses are able to command greater debt leverage and therefore greater debt funding."

The SME Valuation Index, a set of data that shows that the mean EV/EBITDA ratio of a smaller company valued by its members was 5.6 million in 2016. By this measure, the SME owner whose profits are £1million should revise their valuation figure to £5.6 million. This discrepancy of £4.4 million could be significant to exit plans, business strategy and investment.

Simon Blake, chairman of the UK200Group's 14-strong corporate finance panel, is also partner and head of the strategic corporate finance team at Price Bailey. According to him, there are many factors that mean small businesses have lower EV/EBITDA ratios. "Small businesses behave differently to large ones in a number of ways, so it is not simply a case of scaling up or down. In smaller companies, there is a greater level of entrepreneurial impact on the data that is used to create a valuation. Small business owners may put costs through the business that a large corporate would not," he says.

As an example, Blake cites a firm he valued, where the owner took his senior management on trips around Europe to celebrate business achievements. "Those costs would not be incurred in a larger corporate firm in a similar industry. Because they are non-recurring costs and are unusual, these trips have taken £50,000 off the firm's annual profits, potentially reducing the valuation of the business based on the 10x multiple above, by £500,000 erroneously."

Another consideration is funding. A typical bank will lend around 2 to 2.5 times EBITDA, at typically 50 or 60 per cent loan-to-value. Because of this, the EV/EBITDA ratio of smaller firms will remain at 5 or 6. Larger businesses are able to command greater debt leverage and therefore greater debt funding, says Blake.

"Companies with a subscription-based income have a much higher Enterprise Value to EBITDA ratio, so tech companies often have much higher multiples than, say, a retail business which is solely reliant on its brand to pull in customers."

Has Brexit affected valuations in the SME community?

Blake says it may be too early to say. The SME Valuation Index uses only valuations stemming from real transactions, which can take many months to go through. The 2016 figures are unlikely to include many deals that were first tabled after the referendum in June.

"My experience of 2016 is that we saw plenty of strategic buyers coming from places such as the US, paying a little more – in sterling – than they would have because of the depreciation of sterling against the dollar. Although sterling now seems to have stabilised, this theme of increased interest from overseas companies is one that we do expect to continue in 2017," Blake adds.

What can business owners do to increase their Enterprise Value to EBITDA ratio?

"A key factor in a company's EV/EBITDA ratio is the strength of its income stream, and I'll use Microsoft as an example," Blake says. "Until recently, we would buy the Office package from Microsoft every few years for a one-off payment of £400, but now, we buy into the Office 365 package for an £80 subscription every year by direct debit. Microsoft has created a much more strongly-recurring, sticky revenue, which makes it much more valuable than a company that can't predict its orders and takes orders for February in January but doesn't know what it'll sell in March," he explains.

"Companies with a subscription-based income have a much higher Enterprise Value to EBITDA ratio, so tech companies often have much higher multiples than, say, a retail business which is solely reliant on its brand to pull in customers."

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- Date: 18 January 2017
- M2 is a privately-owned international publishing and media service company.
- Reach: 2,883
- URL: http://www.m2.com/m2/web/story.php/20176465659

Treasury Committee's Making Tax Digital Report Echoes Business Community Views

Making Tax Digital is one of the most significant proposed changes to the UK's system of taxation in many years, and will see businesses reporting their tax online, more frequently than they do now. The Treasury Committee has put together a 50-page report which summarises its suggestions to HMRC....

- Date: 18 January 2017
- Biz Plus is an Irish websites that is updated daily with the most up to date news for SMEs.
- Reach: 1,718
- URL: http://bizplus.ie/sme-owners-seriously-overvaluing-businesses/

SME Owners Are Seriously Overvaluing Their Businesses

Valuation ratios for small businesses can be way off, says UK200Group

New data from a British business group shows that owners of SMEs may be seriously overvaluing their enterprises, with the rules of thumb used to calculate a company's value likely to yield an over-optimistic figure.

According to the **UK200Group**, whose members provide accountancy and law services to over 150,000 SME clients, its research indicates that a firm's valuation figure of €10 million, based on annual EBITDA of €1m, should be revised down to €5.6m to give a truer picture of the company's value — a cut of 44%.

The group said: "Until a valuation is carried out by a team of qualified accountants, no business owner can be sure what their company is worth. They may be tempted to estimate the value of their firm using an index such as the BDO Private Company Price Index, which shows the average Enterprise Value to EBITDA (EV/EBITDA) ratios of larger businesses, whose financials are publicly available."

EV/EBITDA relates the market value of a business to its Earnings Before Interest, Tax, Depreciation and Amortisation, a more comprehensive measure than price to earnings (P/E). The BDO's most recent data shows an EV/EBITDA ratio of 10.0. By this measure, an SME owner with annual profits of €1m might assume that their business could be sold for €10m.

But UK200Group says that its **SME Valuation Index** gives a truer, and less reassuring, figure. This set of data that shows that the mean EV/EBITDA ratio of a smaller company valued by its members was €5.6m in 2016. It found that, based on the detailed access to company information enjoyed by its members, the EV/EBITDA ratio varies by year and, of course, by company, so that in 2015 in Britain it was 6.1 and in 2014 just 5.1.

Clearly, a €4.4m difference in valuation would be very significant for exit plans, business strategy and investment.

Simon Blake, chair of UK200Group's corporate finance panel, explained the factors that mean small businesses have lower EV/EBITDA ratios: "Small businesses behave differently to large ones in a number of ways, so it is not simply a case of scaling up or down.

"In smaller companies, there is a greater level of entrepreneurial impact on the data that is used to create a valuation. Small business owners may put costs through the business that a large corporate would not.

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Better Ratio

In terms of how a business can improve its EV/EBITDA ratio, Blake said: "A key factor in a company's ratio is the strength of its income stream, and I'll use Microsoft as an example. Until recently, we would buy the Office package from Microsoft every few years for a one-off payment of £400, but now, we buy into the Office 365 package for an £80 subscription every year by direct debit.

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CFO

theCsuite.co.uk

- Date: 18 January 2017
- The C Suite is a unique platform for leading decision-makers across the C-suite.
- Reach: 9,133
- URL: http://www.thecsuite.co.uk/cfo/financial-planning-cfo/many-smes-worth-half-their-owners-expectations/

Many SMEs worth half their owners' expectations

By the UK200Group
Financial Planning
Published: 18 January 2017

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SCOTLANDB2B
East Coast Edition

- Date: 19 January 2017

- Scotland B2B is a magazine designed for business leaders, start-ups and entrepreneurs based or trading in the east of Scotland.

- Reach: 317

- URL: http://scotlandb2b.co.uk/2017/01/19/many-smes-worth-half-their-owners-expectations/

Many SMEs worth half their owners' expectations

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Business Match

- Date: 20 January 2017
- Business Match gives the most up to date business news and advice for SMEs and Start-ups.
- Reach: 625
- URL: http://www.businessmatch.org.uk/uk200group-research-shows-many-sme-owners-over-value-their-enterprises/

UK200Group research shows many SME owners over-value their enterprises

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What can business owners do to increase their Enterprise Value to EBITDA ratio?

"A key factor in a company's EV/EBITDA ratio is the strength of its income stream, and I'll use Microsoft as an example. Until recently, we would buy the Office package from Microsoft every few years for a one-off payment of £400, but now, we buy into the Office 365 package for an £80 subscription every year by direct debit.

"Microsoft has created a much more strongly-recurring, sticky revenue, which makes it much more valuable than a company that can't predict its orders and takes orders for February in January but doesn't know what it'll sell in March.

"Companies with a subscription-based income have a much higher Enterprise Value to EBITDA ratio, so tech companies often have much higher multiples than, say, a retail business which is solely reliant on its brand to pull in customers."

The SME Valuation Index was created by the UK200Group's Corporate Finance Panel, and was compiled in 2016 by Daniel Shear of BKL Accountants. Simon Blake heads up the UK200Group's 14-strong Corporate Finance Panel, and is also Partner and Head of the Strategic Corporate Finance Team at Price Bailey, a top 30 accountancy and business advisory firm.

The UK200Group, established in 1986, represents a significant group of trusted, quality-assured business advisers – chartered accountants and lawyers – who have over 150,000 SME clients in total. As such, the UK200Group acts as the voice for 1,899 charities, 3,887 farms, over 12% of all registered academies, 800 healthcare businesses and over 4,000 property and construction professionals.

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- Shout 99 is a press resource specialising in news and information whilst servicing freelancers and small businesses.
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Making Tax Digital: Treasury Committee report echoes business views

by **Susie Hughes** at 13:34 20/01/17 (**News on Business**)

A group of accountants and lawyers have welcomed the Treasury Committee's Making Tax Digital report, as echoing the views of the business community.

Making Tax Digital is one of the most significant proposed changes to the UK's system of taxation in many years, and will see businesses reporting their tax online, more frequently than they do now.

The Treasury Committee has put together a 50-page report which summarises its suggestions to HMRC, including delaying its implementation and introducing more extensive piloting of the reforms. (See: **Making Tax Digital: Call for delay and extensive piloting** - Shout99, Jan 17)

Andrew Jackson is Head of Tax at UK200Group member Fiander Tovell and Chair of the UK200Group Tax Panel, and is also on a consultative committee of the Office for Tax Simplification, and here he discusses the report's findings:

"On the plus side, it is encouraging that the Treasury Committee is echoing the recommendations that the UK200Group and others have made, as it will hopefully mean that HMRC take them on board. This applies to things like delaying the implementation of Making Tax Digital, making it optional in the early stages and loosening some of the requirements.

"A crucial point from the Treasury Committee's report is that they can't see any justification for the threshold for digital tax reporting being less than the threshold for VAT reporting. That will make a significant difference to the very small businesses, typically microbusinesses, which will be hit hardest by being forced to take on digital reporting.

"If HMRC were to bring the profit threshold up to the VAT figure - £83,000 – for property, it would represent a significant portfolio of, for example, several decent houses or a dozen flats. That would mean that a large proportion of buy-to-let landlords would be exempt from digital reporting, so we might end up with a trading business threshold at the VAT level, and a property threshold below that.

"Because large firms have internal finance departments, they are unlikely to find Making Tax Digital particularly disruptive. It will be those firms between the profit threshold – whether that be £83,000, as the Treasury Committee suggests, or not – and £10 or £20million, who will find Making Tax Digital most difficult to adapt to, and those firms are the ones who rely on agents such as tax advisers and accountants to report their tax liabilities. The Treasury Committee has acknowledged the role of agents in the tax process, which is promising as HMRC had not originally made much provision for agents to view clients' tax accounts.

"The Treasury Committee's report appears to be a lot more pragmatic than the documents put together by HMRC, and seems much more aligned with the consensus within the tax and accountancy professions."

The UK200Group, established in 1986, represents a significant group of business advisers – chartered accountants and lawyers – who have over 150,000 SME clients in total. As such, the UK200Group acts as the voice for 1,899 charities, over 12 per cent of all registered academies, more than 3,887 farms, 800 healthcare businesses and over 4,000 property and construction professionals.

The UK200Group views Making Tax Digital as the key issue for SMEs in the next few years, and as such has set up a Digitisation Taskforce to ensure that it can assist business owners with the transition to digital tax accounts and reporting.

In November, the UK200Group issued a recommendation document to HMRC, suggesting changes to the current plan for digitisation. The conclusion found the following points:

- The timescale for implementation is too short for full consideration and resolution of the issues.
- The principle of Self-Assessment, and the HMRC-taxpayer relationship, will be fundamentally changed.
- HMRC do not seem to understand how accounts are prepared and used by businesses. They seem to regard tax as the primary purpose of accounts, and to seek to alter GAAP for the convenience of HMRC and MTD without regard to the needs of other users of accounts.
- Taxpayers' appetite to engage with MTD is small, and the proposals seem to offer few benefits to off-set the costs.
- Taxpayers' ability to engage has been overestimated, and the cost and difficulty of overcoming the obstacles has been understated.

Key recommendations:

Digital Tax Accounts be set up now, providing:

- A central place for a taxpayer to see the information HMRC currently possesses about them.
- A mechanism for providing HMRC with information simply and automatically (reducing the need for phone calls and letters).
- HMRC should consult on the future design of the tax system. Changes in the rights and responsibilities of various parties, and in particular new obligations on taxpayers, should not be introduced until:

    That consultation is complete.

    The necessary technology has been tested over a full compliance cycle (one year of interim reporting plus the end of year procedures).

- Simplifications of accounting should be optional, for tax purposes only.
- Clear benefits for taxpayers should be identified, incorporated, and publicised.

NORTH EAST
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- North East Times Ltd is a high-quality monthly publication that combines inspiring business and lifestyle content for professionals.

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Accountants relaunch Healthcare Team

Accountancy firm Robson Laidler has relaunched its specialist healthcare team for medical professionals under new leadership

The healthcare team will be led by specialist medical accountants Amy Park, 31, who has recently joined the Newcastle-based Robson Laidler's board of directors, as well as Michael Smith 33, having both worked as account managers at the firm for the past few years.

Amy and Michael will be backed by an experienced team of tax, finance and payroll experts who have knowledge of the healthcare sector at all levels.

Amy said: "Professionals in the healthcare industry require specialist knowledge and as such following our success and growth in this sector I am very excited to head up our specialist healthcare team, which brings together our expertise from accounts, tax planning, financial planning and payroll.

"The team allows us to deliver a holistic service to our clients, so whether they need advice with tax planning, superannuation, retirement or making tax digital we have the resource to give the most up-to-date and professional support."

The firm aims to provide specialist services to medical professionals, navigating them through complex NHS pension legislation, strategic issues, recruitment crises, managing change, digital tax accounting and retirement planning.

Robson Laidler managing director Graham Purvis will take up the position as head of tax within the healthcare team, bringing his 30 years of experience to the table.

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He will be responsible for managing taxation requirements for a large portfolio of healthcare clients.

Graham said: “This is an exciting new chapter for us. By bringing together our pool of in-house expert knowledge into one specialist team we can provide a truly integrated service with specialists who have known and worked together for many years.

“We are a team of medical finance experts who want to deliver a better service for clients and I believe the strength of the team is one of our biggest assets, -we share the same values and focus on delivering an exceptional service.

“We have the knowledge to provide a full service focused solely on the needs of the healthcare sector.

“We are continuing to look for medical experts who would like to be part of one of the strongest medial accounting teams in the North East and join us at this exciting time.”

Amanda Cowie, Chartered Financial Planner within Robson Laidler Financial Planning (RLFP), will take up financial planning duties within the healthcare team, offering highly specialised NHS pension advice for GP practices, practice managers, doctors, consultants, locums, dentists, and employed medical professionals.

Healthcare lead Michael Smith also commented: “Medical professionals have specific requirements, so our service is not just about compliance but rather the strategic advice we can provide. Not only are we working with our healthcare clients to ensure that they are ready for the government’s proposals for ‘Making Tax Digital’ but we are working with them to forge fully integrated working relationships. Together with RLFP’s expertise in NHS pensions, our accountancy and tax clients will be able to benefit from a holistic approach to their finances in real time. It’s a fantastic opportunity for the company to deliver a supreme service to our clients.”

The team are hosting a Healthcare Seminar suitable for doctors, dentists and other medical professionals on Tuesday 7 February at Holiday Inn Jesmond, Newcastle, from 8:30am – 10am. To book contact Gemma Graham by emailing ggraham@robson-laidler.co.uk or book via Eventbrite here.

Robson Laidler is also a member of the Association of Independent Specialist Medical Accountants (AISMA), a national network of over 75 accountancy firms providing expert advice to medical practices, sessional GPs and hospital doctors. As well as the UK200 Group, the UK’s leading quality assured membership association of independent accountants and lawyers.

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theCsuite.co.uk

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- The C Suite is a unique platform for leading decision-makers across the C-suite.
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Supreme Court ruling 'Unlikely to delay Brexit significantly'

By the UK200Group
Financial Planning
Published: 23 January 2017

It has been billed as one of the most important constitutional law cases in decades, with a panel of 11 justices – the largest ever assembled – and under a level of public and media attention rarely seen by the law courts. But just how important is the Supreme Court's judgement on whether Theresa May's government has the power to trigger Article 50 without the support of Parliament?

Stephen Chater is a solicitor at Postlethwaite Solicitors Limited, a member firm of the UK200Group, the UK's leading membership association of independent chartered accountancy and law firms.

He said, "The majority of the UK electorate who voted in the June 2016 referendum chose to leave the EU, but what does that mean in practice?

"The concepts that influence this decision derive from the seventeenth century conflicts at the time of the Civil War and the Bill of Rights: the sovereignty of parliament and the Royal Prerogative.

"The government argues that the verdict of UK voters is sufficient authority for them to begin the withdrawal from the European Union, and all that that entails, without seeking further authority. That is on the basis of the Royal Prerogative, which is exercised through the Prime Minister.

"The other side of the argument is that the referendum only decided one very narrow issue, which was whether the UK should stay in the EU or leave. From then on, it was for politicians to decide how to implement that verdict, and in order to do that, Parliament needs to have a vote to provide the authority for the government to proceed.

"There is a philosophical debate about where the democratic route lies. Traditionally, in the UK, we've had a representative democracy where we, as a population, select our representatives and allow them to make the decisions on our behalf with the full knowledge of circumstances, which the voters do not have.

"But when you have the whole population entitled to vote on an issue, there is an argument that that represents the fullest possible form of democracy. The problem with that is that people are voting on a narrow point from a broad range of viewpoints. For example, there are people who voted Leave because they wanted more regulation, for example in relation to immigration. There are also people who voted Leave because they wanted less regulation, for example to reduce red tape for businesses."

But, Stephen Chater argues, there is another key part of the Supreme Court's decision to look out for.

"Another crucial issue is how far the consent of the devolved assemblies is required. There were representations made, primarily on behalf of the Scottish and Northern Irish assemblies, that their consent was a prerequisite for triggering Article 50. That all derives from a convention which dates from 1999, when the government started the devolution process: the Sewel Convention.

"The Sewel Convention suggests that Westminster will not legislate on devolved matters without the agreement of the devolved assemblies. Whether the triggering of Article 50 concerns 'devolved matters' in this case is something that the Supreme Court will have to decide."

There was a significant acknowledgement of the sensitivity of this decision, because all of the Supreme Court judges sat on this case, which is unprecedented.

But what if the Supreme Court upholds the High Court's judgement?

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"I can't see that a requirement for a vote in Parliament is going to affect the timetable for Brexit one iota, because if there is a vote in the House of Commons on whether to trigger Article 50, it is almost inconceivable to think that MPs would not vote in favour of leaving the EU. Labour have said that they won't vote against it, so it is likely to go through with a huge majority.

"The House of Lords is a slightly more difficult question because a majority of the House of Lords are thought to have favoured Remain. However, I find it difficult to imagine the House of Lords being able to delay that process significantly. The government could refer to the Salisbury Convention, which would prevent the House of Lords from defeating the bill as it was mentioned in the Conservative Party manifesto ahead of the 2015 General Election."

The timetable might, however, be affected if the Supreme Court decides that the prior consent of the devolved assemblies will be required. This would take the UK into genuinely uncharted territory.

THE EDINBURGH REPORTER

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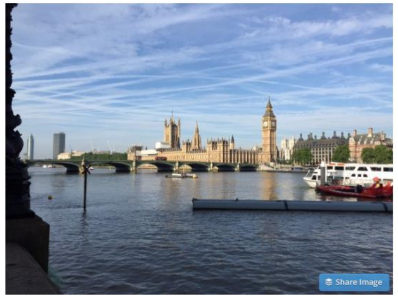
Supreme Court throw out appeal by UK Government



It was businesswoman Gina Miller brought the action against the UK Government to demand that the government would have to get approval of parliament before triggering Article 50.

She won that action but the UK Government appealed it and the decision of the Supreme Court was delivered by Lord Neuberger this morning.

The Supreme Court decided by a majority of 8 to 3 that the appeal would be refused. This means that the government will now have to get the approval of parliament before beginning the Brexit process proper. It is not a decision against Brexit happening, but a decision on the process by which it will.

One of the reasons why they decided so was explained thus:

- The fact that withdrawal from the EU would remove some existing domestic rights of UK residents also renders it impermissible for the Government to withdraw from the EU Treaties without prior Parliamentary authority

THE EDINBURGH REPORTER

Gina Miller issued a statement through her lawyers Mishcon De Reya :

> "Today 8 out of 11 Supreme Court Judges upheld the judgment handed down by the High Court last November. This case was one that went to the very heart of our constitution and how we are governed.
>
> "Only Parliament can grant rights to the British people, and only Parliament can take them away.
>
> "No Prime Minister or Government can expect to be unanswerable or unchallenged. Parliament alone is sovereign. This ruling today means the MPs we have elected, will rightfully have the opportunity to bring their invaluable experience and expertise to bear in helping the Government select the best course in the forthcoming Brexit negotiations. Negotiations that will frame our place in the wider world, and shape all our destinies for decades to come.
>
> "There is no doubt that Brexit is the most divisive issue of a generation. But this case has been about legal process not politics. Today's decision has created legal certainty, based on our democratic process, and provided the legal foundations for the Government to trigger Article 50 in line with our constitution.
>
> "The Government's exit plan will shape the country we want to live in and be a part of. As the Prime Minister said, we must have in mind the futures we want for our children and grandchildren. We owe it to ourselves, and to those who follow us, to ensure that the course we embark upon in the coming months and years is one we can be confident that history will judge us well for choosing.
>
> "I am sure everyone would agree that transparency and parliamentary scrutiny are vital components in this process and on the wider political stage. Democracy, parliamentary sovereignty, the strength of our legal system and the independence of our judiciary: these are the things that make Britain Great. We should never lose sight of that.
>
> "It is now for Parliament to debate and vote on what is best for Britain and for the British people."

The government will introduce legislation shortly at Westminster. The bill proposed will be passed before 31 March 2017 so that the timetable already set out by Westminster can be followed.

Brexit Secretary David Davis said in the House of Commons today : "The Supreme Court confirmed in the judgement that devolved legislations do not have a veto on the UK decision to withdraw from the EU. We will introduce a straightforward bill shortly, the purpose of which is to trigger Article 50 and begin the process to leave the European Union.

"The Supreme Court ruling in no way diminishes the UK Government commitment to work closely with the devolved administrations."

The SNP have already said it will table 50 amendments to the Article 50 legislation to be introduced by the Conservative Government at Westminster. They describe these as 'serious and substantive' and will call on the government to publish a White Paper before invoking Section 50 and that the government must seek unanimous agreement of the Joint Ministerial Committee.

SNP International Affairs spokesperson, Alex Salmond MP, speaking from Strasbourg at the Parliamentary Assembly of the Council of Europe, said:

"We welcome the Supreme Court's decision and hope that their ruling brings this Tory government back to the reality that they cannot simply bypass elected Parliamentarians to fulfil their role in carrying out due and proper scrutiny of one of the biggest decisions facing the UK.

"The Prime Minister and her hard Brexit brigade must treat devolved administrations as equal partners – as indeed she promised to do.

"For over six months the concerns surrounding a hard Tory Brexit have been echoing throughout the land and yet the Prime Minister has not listened.

"If Theresa May is intent on being true to her word that Scotland and the other devolved administrations are equal partners in this process, then now is the time to show it. Now is the time to sit with the Joint Ministerial Committee and not just casually acknowledge, but constructively engage. Consultation must mean consultation.

"Our amendments will address the very serious concerns facing the UK and the very real issues that the UK government has, thus far, avoided."

Ruth Davidson MSP, Scottish Conservative Leader said: "The SNP tried to use this hearing to hold the rest of the UK to ransom. It has comprehensively failed to do so.

"All parties should now respect the ruling that the court has given.

"Yet typically, Nicola Sturgeon has decided to ignore it by stating – even before the verdict was in – that she would still seek a separate vote at Holyrood.

"The Scottish Conservatives will have no truck with yet more SNP stunts on Brexit."

Patrick Harvie MSP, the party's co-convener says the decision confirms that Scotland is not an "equal partner" in the UK and that the decision to give Westminster a vote prior to triggering Article 50 will be of "no consolation" to voters in Scotland.

Glasgow MSP, Patrick Harvie said: "By recognising that Brexit will alter the powers of the Scottish Parliament but deciding that MSPs will have no say, the Supreme Court has made it clear today that Scotland is not an equal partner in the UK.

"While it's good that Westminster at least must have a vote before the UK begins the formal process of leaving the European Union, there's no consolation for people in Scotland, who have come to expect that Westminster never speaks up for Scotland or respects the democratic wishes of the people who live here.

"So now we know that the Scottish Parliament won't get a say, that the Scottish Government's options paper is likely to be rejected and that a Hard Brexit will cost around eighty thousand jobs and a two thousand pound drop in the average income in Scotland. It is hard to see any other option than putting the choice back in the hands of voters in Scotland, giving people the choice of an independent future in Europe, and rejecting the angry and isolated Britain the Tories are planning."

Responding to today's decision Scottish Liberal Democrat leader Willie Rennie MSP said:

"As the Supreme Court has concluded that Parliament must be given a say over the decision to trigger Article 50 this presents a huge opportunity for Parliament to agree to a Brexit Deal Referendum.

"Liberal Democrats will vote against the triggering of Article 50 in Parliament unless there is a Brexit Deal Referendum that gives the British public a final say on the terms of Brexit."

Stephen Chater, solicitor at **Postlethwaite Solicitors Limited** whose firm is a member of the **UK200Group**, the UK's leading membership association of independent chartered accountancy and law firms, said he does not think this ruling will slow the Brexit process down: "I can't see that the requirement for a vote in Parliament is going to affect the timetable for Brexit one iota, because if there is a vote in the House of Commons on whether to trigger Article 50, it is almost inconceivable to think that MPs would not vote in favour of leaving the EU. The government has an overall majority and Jeremy Corbyn has stated that Labour will not frustrate the Article 50 process.

"The House of Lords is a slightly more difficult question because a majority of the House of Lords are thought to have favoured Remain. However, I find it difficult to imagine the House of Lords being able to delay that process significantly. The government could refer to the Salisbury Convention, which would prevent the House of Lords from defeating the bill as it was mentioned in the Conservative Party manifesto ahead of the 2015 General Election.

"The timetable might have been affected if the Supreme Court decided that the prior consent of the devolved assemblies was required but it is interesting to see that they have decided against this unanimously."

- Date: 25 January 2017
- AudioBoom is the leading podcasting and on-demand audio platform for hosting and distributing content. Brexit Podcast by Jennifer Hahn with Stephen Chater.
- Reach: 50 million
- URL: https://audioboom.com/posts/5534026-ep-37-stephen-chater-on-what-happens-now-post-article-50-ruling

Ep.37: Stephen Chater on what happens now, post-Article 50 ruling

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On Tuesday it was finally decided. The Supreme Court ruled that parliament must be consulted before Article 50 can be triggered, bringing to an end one of the most important and perhaps most controversial constitutional law cases in decades. But what exactly will this mean going forwards? We talked to Stephen Chater of Postlethwaite Solicitors and the UK200 Group to give us a refresher on the two sides of the argument as well as possible consequences.

#actofparliament #appeal #Article50 #Brexit #BrexitPodcast #eu #EUreferendum #government #GreatRepealBill #houseoflords #jenniferhahn #JeremyCorbyn #labour #libdem #negotiations #news #nicolasturgeon #no10 #parliament #podcast #politics #Referendum #snp #supremecourt #TheresaMay #timfarron #TimHeming #UK #VoteIn #VoteLeave #VoteRemain #Westminster