

Tax Advice and Controversy Client Service Group

To: Our Clients and Friends

April 2009

NEW PERSONAL TAX ACCOUNTABILITY OF SENIOR ACCOUNTING OFFICERS OF LARGE COMPANIES

Sarbanes-Oxley may be coming to the United Kingdom. In the Budget on April 22, the UK Government announced that, in order to ensure that the accounting systems in operation within large companies liable to UK taxes and duties are adequate for the purposes of accurate tax reporting, legislation will be introduced to require:

- Senior accounting officers of such companies to take reasonable steps to establish and monitor accounting systems within their companies that are adequate for the purposes of accurate tax reporting;
- Senior accounting officers of such companies to:
 - certify annually that the accounting systems in operation are adequate for the purposes of accurate tax reporting; or
 - specify the nature of any inadequacies and confirm that those inadequacies have been notified to the company auditors; and
- Such companies to notify HM Revenue & Customs (HMRC) of the identity of the senior accounting officer.

Penalties for non-compliance

The new obligations will be supported by penalties chargeable respectively on the senior accounting officer personally and on the company for a careless or deliberate failure with respect to the obligations set out above, and for the giving of a carelessly or deliberately incorrect certificate or notification.

Operative date

The obligations will apply to returns due to be made for accounting reference periods beginning on or after the date the legislation is enacted (which will probably be July 2009). The Government recognises it may be necessary to consider appropriate transitional arrangements.

Persons affected

The new regime will apply to large companies or groups. The announcement suggests that this will effectively mean companies other than those defined as "small" or "medium sized" in the Companies Act 2006, and their senior accounting officers. In very broad terms, a company will not be "large" in a year if it satisfies two or more of the following requirements:

- Turnover not more than £25.9m;
- Balance sheet total not more than £12.9m;
- Number of employees not more than 250.

Where the company is a parent company, these calculations are made by reference to aggregate turnover, balance sheet total and employees of the group.

Consultation

The Government has undertaken to consult with interested parties regarding operational issues of how these requirements should be implemented.

To discuss this issue further please contact a member of Bryan Cave's [Tax Advice and Controversy Client Service Group](#) or

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