



## SENIOR ACCOUNTING OFFICER (SAO) HELPSHEET

The Senior Accounting Officer (SAO) is a regime where large companies / groups are required to appoint an individual to act as their SAO and the SAO must certify each year whether there are “appropriate tax accounting arrangements” in place.

### WHO MUST APPOINT AN SAO?

All UK incorporated companies, or those that are members of a group, whereby the group financial results disclose at least;

- 1) UK turnover of £200m or more; or
- 2) Gross assets of £2bn or more;

For the previous financial year.

### WHO CAN BE APPOINTED AS AN SAO?

The SAO is a director or officer of a company who, in the company’s reasonable opinion, has overall responsibility for the company’s financial accounting arrangements. The SAO can either be:

- Appointed for each individual company; or
- One individual can be appointed to act on behalf of a whole UK group.

The SAO can change if required over time but cannot be an external advisor.

### WHAT ARE THE DUTIES OF AN SAO?

The SAO must take reasonable steps to monitor the company / group’s accounting arrangements and identify any respects in which those arrangements are not appropriate tax accounting arrangements.

The SAO is responsible for overseeing all tax liability aspects including:

- Corporation Tax
- Customs and Excise Duties
- Employment Taxes / PAYE and NIC
- Value Added Tax
- Stamp Duty Land Tax
- IR35 / Subcontractors

### REPORTING REQUIREMENTS FOR AN SAO

The SAO must sign and submit a certificate each year explaining whether the arrangements were appropriate (an unqualified certificate) or if they were not appropriate (a qualified certificate).

- 1) **Notification to HMRC:** The company must notify HMRC who is the SAO for each relevant financial year.
- 2) **Provision of Certificate to HMRC:** The SAO must submit a certificate to HMRC stating either that:
  - The company **had appropriate** tax accounting arrangements throughout the financial year; or
  - The company **did not** have appropriate accounting arrangements throughout the financial year and provide details of which arrangements were not appropriate.

The notification and certifications have the same reporting deadline as the group’s UK financial statements (i.e., by 30 September for a 31 December year-end).

### PENALTIES AND FINES FOR FAILURE TO COMPLY

Both the UK company and the SAO personally can be charged penalties for non-compliance with the regime. The main penalties chargeable are:

- 1) **£5,000** – Levied on **SAO** for not taking reasonable steps to ensure that the company establishes and maintains appropriate tax accounting arrangements;
- 2) **£5,000** – Levied on **SAO** for failing to provide a certificate or providing an inaccurate certificate;
- 3) **£5,000** – Levied on **group / company** for failing to notify HMRC of the identity of the SAO.



## HOW MENZIES CAN HELP

We have staff with a range of large company tax experience including individuals with experience from working in finance and tax departments in large companies and who therefore have practical experience of dealing with the annual SAO processes; tax risk registers and ensuring robust tax governance. Our suggested approach would be:

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### IDENTIFY AN APPROPRIATE SAO AND ENSURE THEY UNDERSTAND THEIR RESPONSIBILITIES

Consider whether the group should appoint a single SAO for the entire UK operations or if it would be more appropriate to have different SAOs for relevant sub-groups/divisions. Consider the most appropriate individuals and they will need to be informed of their key responsibilities. **We can help with providing guidance and/or running workshops for those that are new to a SAO role.**

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### RISK ASSESSMENT AND PLANNING

**Risk assessment and maintaining risk registers across the taxes is key to ensuring that the SAO can sign a certificate with confidence. We can assist you with this in the following ways:**

- Carry out a SAO “health-check” to review existing tax controls and processes. We would work with your finance and tax teams to identify key areas of risk specific to the business and identify controls to mitigate exposure to those risks;
- Carry out focused health-checks on any specific areas of concern (e.g., a VAT health-check)
- Assist with practical control measures and track SAO compliance including tax risk registers and implementing a process to ensure these are adequately monitored;
- Identify opportunities for tax efficiencies and cash flow savings – any assessment often highlights areas of opportunity as well as risk;
- Ensure you have addressed all ongoing large Group compliance requirements (e.g. – CBCR, Tax Strategy publication, and the new TP documentation requirements and Pillar 2 requirements);
- Highlight any new or forthcoming legislative changes and how these may impact the Group;
- Assist you with resolving any errors/omissions in historic tax filings; and
- Consider if there are any uncertain tax positions that may require disclosure to HMRC (a new requirement which came into effect from 1 April 2022).

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### ONGOING SUPPORT AND ASSISTANCE

Maintaining robust tax governance is of year-round importance and we will of course continue to support the group and the SAO throughout the year. We would recommend an annual tax risk assessment and we can liaise with the SAO on a more regular basis to discuss key tax risks and opportunities (e.g., via quarterly catch-up meetings or calls/meetings on a timescale to suit the Group).