

# How are companies preparing for the new senior accounting officer requirements?



Budget 2009 introduced requirements for the senior accounting officer (SAO) of large companies and groups to report to HM Revenue & Customs (HMRC) on the adequacy of their accounting systems for tax returns. The SAO will be personally responsible for complying with these new requirements.

Developing an appropriate strategy for compliance will be a key challenge for many companies over the coming months and PricewaterhouseCoopers LLP (PwC) has surveyed a group of tax professionals<sup>1</sup> to see how companies plan to deal with the new SAO requirements.

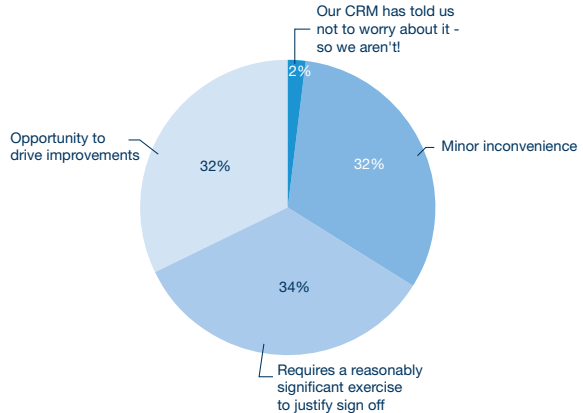
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<sup>1</sup> Survey of 75 tax professionals polled on 15 September 2009 at an International Corporate Tax Association event.

## How is SAO perceived within your organisation?

34% of companies polled saw the SAO regime as requiring a reasonably significant exercise to ensure compliance, but at the same time roughly the same number saw it as an opportunity to drive improvements such as reducing manual interventions.

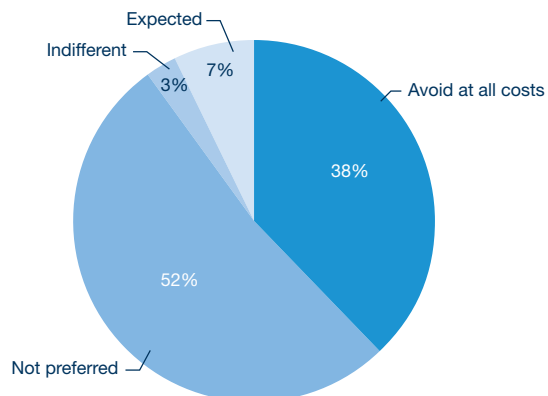
## How is SAO perceived within your organisation?



These survey results suggest that most companies are taking compliance with the rules seriously. The inclusion of a personal liability for the SAO and, more generally, the overarching governance considerations raised by an obligation of this nature are important drivers here. The relatively high number of companies seeing SAO as a positive move is certainly interesting. It suggests that many tax functions recognise the efficiency savings that could be achieved through improving the quality of initial data, rather than depending on back end review by the tax function.

The fact that 90% of respondents preferred not to sign a qualified certificate with 38% wanting to avoid it at all costs was consistent with the view that SAO would need to be taken seriously.

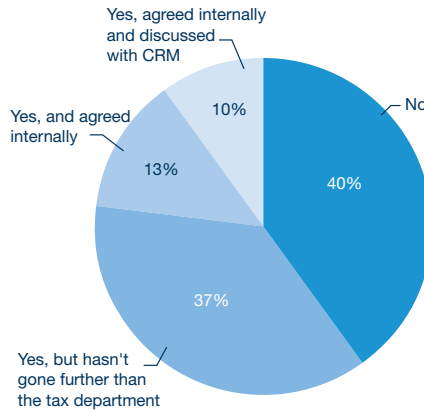
## What is your attitude to signing a qualified certificate?



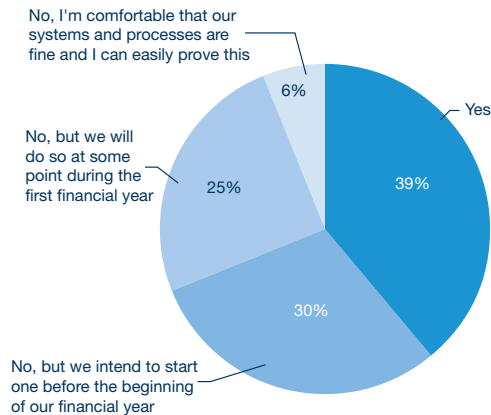
## Do you have a plan for complying with the SAO requirements?

Most companies polled are either starting or planning projects to ensure compliance.

### Do you have a plan for complying with SAO?



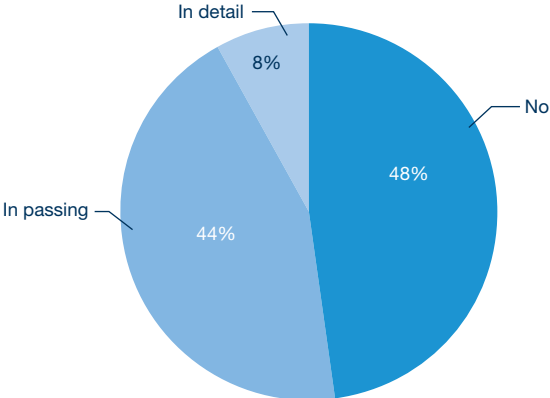
### Have you started an SAO project or review?



Most companies appear to have decided that starting work on SAO before the first year begins makes sense. Certainly conducting the risk assessment phase of any project prior to commencement would be sensible as this will then allow problem areas to be identified and remediation strategies to be determined in a timely fashion.

52% of companies surveyed have discussed SAO with their client relationship manager (CRM) at HMRC, of which 10% have agreed their plans for compliance.

Have you discussed SAO with your CRM?

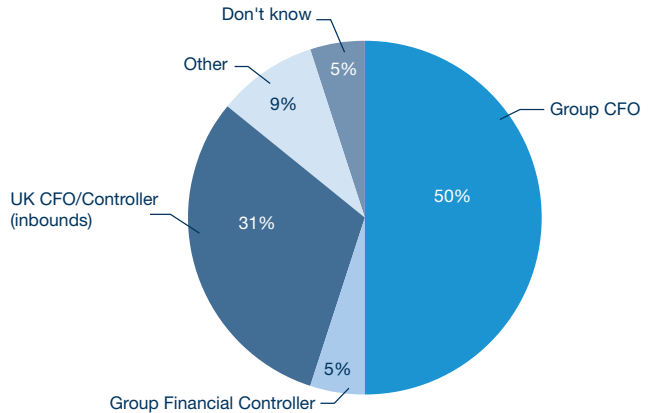


## Who will be the SAO?

Of the companies polled, most appear to have already concluded who their SAO should be.

Whilst on the face of it, CFOs were always likely to meet the test of 'the director or officer of the company who has overall responsibility for the company's financial accounting arrangements', nevertheless, the number of major multinationals who have opted to appoint their CFO as SAO gives some indication of the prominence it is being given in many groups.

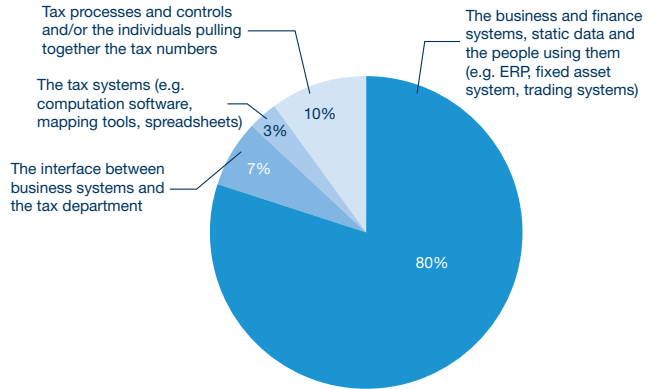
## Who do you expect to act as SAO?



## What are the key risk areas and challenges?

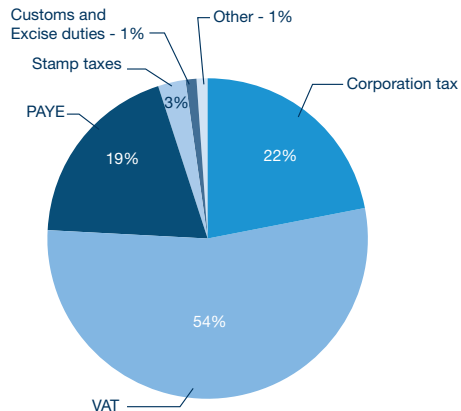
Whilst the SAO regime covers a range of different taxes and looks at the totality of processes and systems used to support tax compliance, the surveys indicate a number of areas of particular concern.

### What factor are you most concerned about in meeting this challenge?



80% of companies surveyed rated business and finance systems as the factor they were most concerned about in ensuring compliance with the SAO regime. This was also the highest rated area of concern for inbounds, although business complexity and volume of transactions also featured.

### Which taxes do you believe have the greatest inherent risks?



The focus on VAT and PAYE comes as no great surprise. Whilst poor quality accounting information can cause problems for any tax, the transactional nature of VAT and PAYE and the reliance on non-tax staff to make appropriate decisions regarding treatments, coding etc. rightly make them important concerns for many companies.

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