

TECH BUSINESS

News for the Technology industry

Welcome to the September 2017 edition of Tech Business, a regular newsletter from PKF Littlejohn's Technology team, providing a round-up of the main developments in accounting and general market matters.

Get ready for GDPR

The new General Data Protection (GDPR) comes into effect on 25 May 2018 and is widely regarded as a 'game changer' that will transform how businesses store, process and secure their personal data. The purpose of this new law is to prevent misuse of an individual's personal information, as well as to better protect a person's freedoms and rights about how their information is used by an organisation.

Don't underestimate the challenge that becoming GDPR-compliant poses to your business – we encourage you to understand and start preparing for it now.

Why does GDPR matter?

It's not just the scale of the fines relating to a breach of GDPR that should focus minds (penalties can be as much as 4% of the annual worldwide turnover of an organisation or €20 million, which is enough to put many tech companies out of business) but also the risk that an organisation may have to change its business model at short notice or suffer potentially irreparable reputational damage. Businesses have more to lose than ever before if don't collect and use personal data appropriately.

Who does this affect?

GDPR will affect every business regardless of size – there isn't a threshold below which companies are exempt.

All personal data that can be used directly or indirectly to identify a person fall under the remit of the new regulations.

While GDPR compliance may not initially appear to be particularly onerous, the complexity of the requirement only becomes apparent when looking at the individual steps that need to be taken to satisfy the new rules. For example, one of the first tasks in preparing for GDPR is to identify all of your organisation's personal data. How confident are you that you know all of the locations where your data resides? In most businesses, data are likely to be stored in numerous locations, including:

- HR files
- Customer records
- Prospect databases
- Supplier records
- Contact records
- Websites
- Excel and Word documents
- Emails.

Identifying all of your relevant data is, of course, only part of the solution. You also need to take steps to gain clear consent to hold and use that data, to protect it from unauthorised access (whether within your network or in transit), to respond to data access requests from the subjects of that information, to manage any data breaches, and so on.

What can you do?

Preparing for GDPR is likely to be a major challenge for many tech businesses. To kick start this process, **we've created a checklist** to help you assess how well your data security and usage controls compare to the GDPR requirements, and identify areas for improvement.

For further advice on GDPR preparations for your technology company – including guidance on gap analysis, updating policies and procedures, and staff training – please contact **Ian Singer** on +44 (0)20 7516 2236 or isinger@pkf-littlejohn.com.

Tax Insights – making sense of tax opportunities and compliance

Our Tax team has produced a series of guides to help you understand the main fiscal issues affecting technology businesses.

Our Tax Insight guides cover a wide range of topics to enable you to make the most of the tax opportunities available to your company while ensuring that you remain compliant with the most recent developments. Topics covered include:

- **Enterprise Management Incentive (EMI)**
- **R&D Tax Relief**
- **EIS/ VCT Tax Reliefs**

To see a **full list of our Tax Insights publications**, please visit our website, or contact our tax partners **Chris Riley** on +44 (0)20 7516 2427 or criley@pkf-littlejohn.com, or **Catherine Heyes** on +44 (0)20 7516 2237 or cheyes@pkf-littlejohn.com.

Escalate – a smarter way to resolve commercial disputes

Pursuing a commercial dispute has tended to be a costly, lengthy and risky undertaking. The Escalate dispute resolution service takes a completely fresh approach. We understand the importance of cash flow to your business and recognise that you want to minimise risk, so we've created a new type of service that is transforming how tech companies can manage disputes:

- No financial risk – you don't pay out unless we reach a successful settlement
- No initial outlay - Escalate pays for all of the up-front costs
- Rapid results – we aim to get your money back in just three months; if we can't settle quickly, Escalate has the financial backing to support you all the way to a High Court resolution
- A fixed fee – complete transparency from the start
- No restrictions on the types of cases we tackle – bad debt, contractual, negligence, IP infringement etc
- Not just current or future cases – Escalate can go back to disputes that are up to three years old.

We're proud to announce that Escalate has recently been shortlisted in the **'Innovation of the Year'** category at the British Accountancy Awards. To find out more about how Escalate could help you, contact **Chris Clay** on +44 (0)20 7516 2266 or cclay@pkf-littlejohn.com, or **Alan MacRae** on +44 (0)20 7516 2265 or amacrae@pkf-littlejohn.com or **visit our website**.

VAT unaffected by changes to the Making Tax Digital plans

HMRC recently announced an update to its Making Tax Digital plans, which has effectively given businesses another year before the scheme becomes compulsory. This means that businesses with a turnover above the £85,000 VAT registration threshold will not be required to implement the Making Tax Digital provisions until April 2019. The rest of the wider Making Tax Digital plans will be enforced from April 2020 onwards.

If you have any questions as to how your business may be affected by Making Tax Digital, please contact **Catherine Heyes** on +44 (0)20 7516 2237 or cheyes@pkf-littlejohn.com.

HMRC to phase out VAT payable order cheques

HMRC has announced plans to start phasing out VAT payable order cheques. Businesses that receive their VAT repayments from HMRC using this medium will need to notify HMRC of their UK bank account details in order to receive VAT repayments via BACS.

It is not yet clear whether businesses who operate solely with an overseas bank account will need to open a UK bank account to receive future VAT repayments.

If you want to know more about the latest developments in VAT, please contact **Luigi Lungarella** on +44 (0)20 7516 2228 or llungarella@pkf-littlejohn.com.

Forthcoming events – GDPR and the Trump effect

Our autumn seminar programme is now underway, with a number of events suitable for technology businesses, including:

- Getting ready for GDPR – 8.30am on Thursday 12 October
- Doing Business in the USA – 9.00am on Tuesday 17 October

Visit our website for more information about these events, and to see our full event calendar.

We hope you've found this issue useful. If anyone within your business would like to receive future issues, please send their details to Julia Krol (jkrol@pkf-littlejohn.com).



Our specialist team is here to help. If you would like advice on any of the issues discussed in this newsletter, please contact one of our Technology team.

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TECHNOLOGY

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