



# INDO - UK PATRIKA

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Welcome to our Diwali 2021 edition of Indo-UK Patrika, an informative newsletter keeping you up to date on recent changes and topics of interest affecting those doing business in both the UK and India.

In this edition, our Head of Tax and India Group Partner Tim Stovold provides an overview of the recent UK budget, including the announcement of a new talent hub being launched in Bengaluru next year as part of a £1.4 billion Global Britain Investment Fund. View the recording and summary from our recent webinar with the Confederation of Indian industry on the future of the UK-India living bridge and have your say in our joint survey. And our GDPR consultancy Moore ClearComm provides an overview of the changes to Service Organisation controls and why they might be significant to ambitious Indian IT businesses.



## BUDGET 2021 SUMMARY

By Tim Stovold, Head of Tax and India Group Partner, Moore Kingston Smith

The Chancellor of the Exchequer delivered a Budget that was far bolder and more optimistic than could have been predicted for much of the past 18 months. He acknowledged there will still be challenging months ahead but the recovery from the pandemic is now expected to take place much more quickly than had been forecast. He took the opportunity to announce significant increases in spending, without announcing any significant new tax rises.

Some significant tax rises have, of course, already been announced. From April 2022, the Health and Social Care Levy will increase the amounts the government takes from employees, employers and the self-employed, as well as increasing the tax rates on dividends. However, Indian employees on secondment to the UK will continue to benefit from the 52 week National Insurance exemption so will not suffer this levy which is collected through the National Insurance system.

In addition, earlier in the year, we were told the main rate of corporation tax will increase to 25% from April 2023. We are awaiting more detail on reforms to the research and development tax credit regime which we were told would be re-focused towards UK innovation which means that R&D expenditure incurred outside of the UK may not longer be capable

of being included in a UK R&D claim.

As far as individuals are concerned, the most eye-catching announcements related to the national living wage and the universal credit. The increase in the national living wage can cause problems for employees on secondment to the UK being paid a mixture of allowances and salary as the allowances cannot normally be counted towards the national living wage so employees who appear to be paid more than the national living wage could still fall foul of this minimum salary requirement.

Many will now breathe a sigh of relief. Not only did the Chancellor not touch inheritance tax, capital gains tax, or pensions, but he also said that by the end of the current Parliament, he wants taxes to be going down.

A new £1.4 billion Global Britain Investment Fund was announced to attract the best foreign talent to the UK. We are pleased to see one of the initial talent hubs being launched in 2022 will be in Bengaluru, alongside San Francisco and Boston in the US. It aims to attract the best foreign talent to the UK's science and tech sectors and supports the plan to make the UK visa system for international talent the most competitive in the world. For more information contact Head of Tax and India Group Partner Tim Stovold at [tstovold@mks.co.uk](mailto:tstovold@mks.co.uk).

[Watch our summary video](#)



## INDIA GROUP WEBINAR WITH THE CONFEDERATION OF INDIAN INDUSTRY ON THE FUTURE OF THE UK-INDIA LIVING BRIDGE

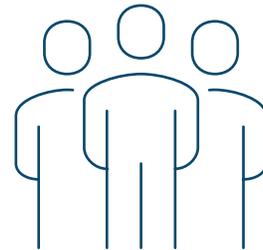
By Ian Matthews, India Group Partner, Moore Kingston Smith

**Watch** our latest India Group webinar where Partner Ian Matthews and Chief Inward Investment Officer Bharat Rampal discussed the future of the UK-India living bridge and whether confidence levels have changed over the last year. We were pleased to be joined by Lakshmi Kaul, Head & Representative – UK, Confederation of Indian Industry who provided expert insights and answered many of the questions in our Q&A.

During the session we ran an audience poll which revealed that overall confidence in doing business in the UK-India Living Bridge was high. Participants view the biggest opportunities within the market as combining sector specialisms and job creation driving efficiencies.

## CONFIDENCE IN UK-INDIA BUSINESS RELATIONS SURVEY

**Take our survey** which helps us monitor the current levels of confidence in UK-India business relations. We are running this in collaboration with the Confederation of Indian Industry and will be sharing the outcomes with all participants in our next UK-India investment report.



# SERVICE ORGANISATION CONTROL – SOC1 AND 2 REPORTS AND THEIR SIGNIFICANCE

By Maritz Cloete, Director, Cyber and Information Security, Moore ClearComm and Vijay Tanna, India Group Partner, Moore Kingston Smith

Moore Kingston Smith acts for many ambitious Indian IT companies wanting to branch out to Europe and the US. For many years, a Service Organisation (SO) has been required to demonstrate the effectiveness of internal controls under the standard titled SAS 70. Although not the intended purpose, organisations began using the SAS 70 report to prove that a vendor was secure and safe to work with. When the SSAE 16 or SOC 1 report replaced SAS 70, the SOC 2 was introduced as a report that addresses security.

Developed by the American Institute of CPAs (AICPA), SOC 2 defines criteria for managing customer data based on five “trust service principles” —security, availability, processing integrity, confidentiality, and privacy. Unlike other standards, SOC 2 reports are unique to each organisation. In line with specific business practices, each designs its own controls to comply with one or more of the trust principles. These controls are then audited by a professional services firm like Moore Kingston Smith, resulting in a SOC2 Report for you as a service provider which customers, partners and regulators can rely upon as an accurate, audited description of how you manage data.

A SOC 2 Report is fast becoming a de-facto requirement for service providers looking to work with US-based clients, as it often plays a vital role in US companies’ vendor risk management programme, particularly for cloud-based applications (Software-as-a-Service, or SaaS) and business process outsourcing. US-based clients often may not even consider service providers that cannot produce a SOC2 Report, as it will contravene their security and procurement policies. For clients outside of the US, it is also now being more widely recognised as a trusted method for gaining assurance around a service provider’s security controls and is starting to be included in standard procurement requirements for companies across the globe.

There are two types of reports.

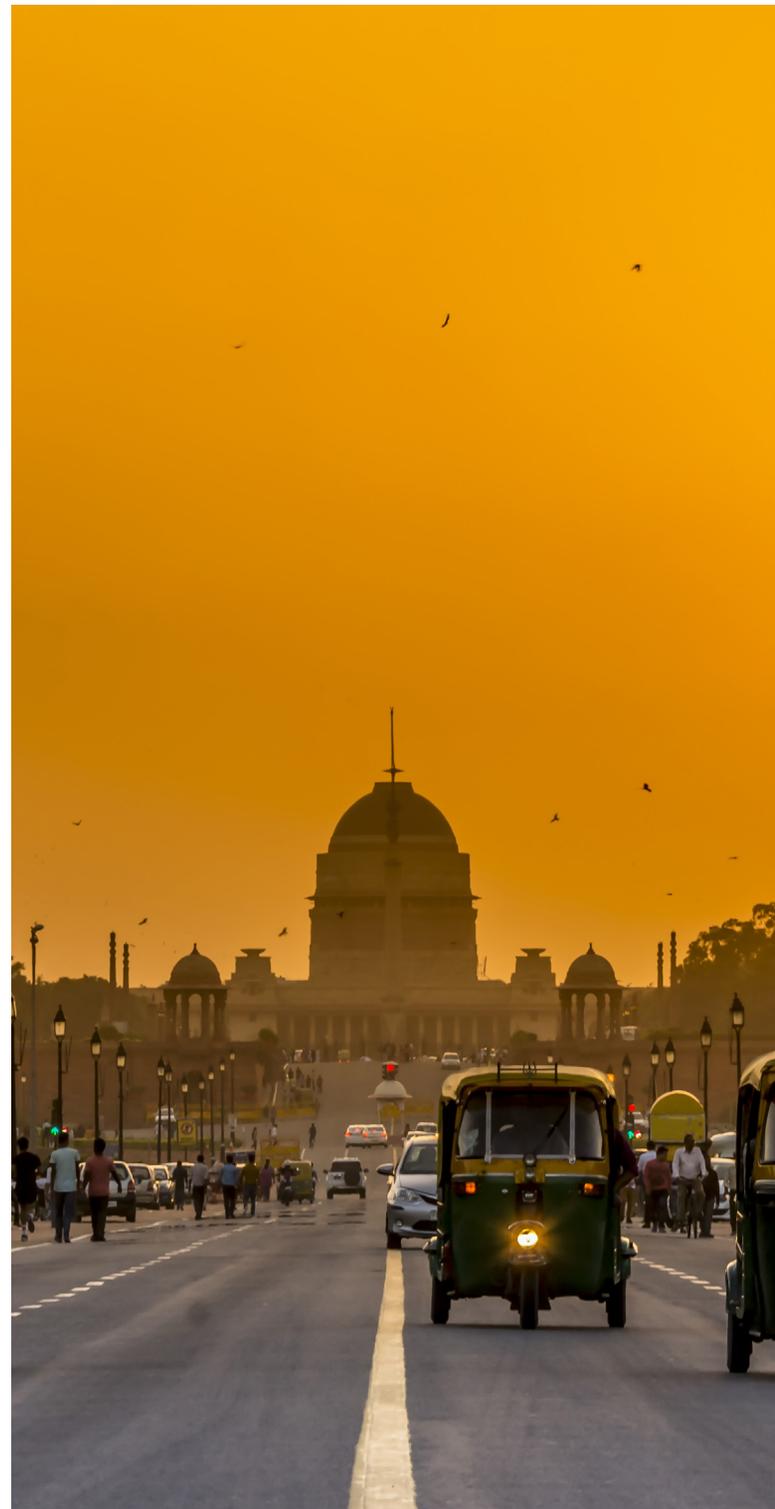
A SOC 2 Type 1 report describes the systems and controls the service provider has in place to meet the chosen TSCs. The auditor provides an attestation that the system and control descriptions are accurate and that these meet the necessary criteria from a design perspective.

A SOC 2 Type 2 report includes the Type 1 content, but the auditor also attests to having carried out substantive testing resulting in an opinion on whether the system and controls operated effectively over a typical period of 12 months.

A Type 2 report is most sought after by clients, partners, and regulators, given its substantive nature. SOC2 Reports are usually carried out on an annual basis.

We have the required knowledge and experience of assisting our clients to comply with the required standards.

For more information contact India Group Partner Vijay Tanna at [vtanna@mks.co.uk](mailto:vtanna@mks.co.uk).





## HAPPY DIWALI

Moore Kingston Smith has been actively involved in the India-UK business corridor for over three decades and each year we look forward to hosting our UK Diwali reception to celebrate with our clients, contacts, and friends. Due to the pandemic, we scaled back our celebrations this year with a few close contacts, however we hope to be back next year celebrating with you all.

Diwali, the festival of lights, is a time of celebration and a time for reflection, to appreciate life and to look forward to the coming year with a renewed sense of purpose and passion. We hope you and your family have a very happy Diwali and we look forward to seeing you soon.



## INDIA GROUP

Our firm's close relationship with India started over two decades ago, when we began advising one of India's leading commercial enterprises doing business in the UK. Building on that success, our India Group today advises and assists many Indian businesses on their international operations, such as compliance services and business structures, taxation issues and corporate finance matters.



## CONTACT US



**Ian Matthews**  
Partner  
imatthews@mks.co.uk  
t: +44 (0)1737 781547



**Parveen Chadda**  
Partner  
pchadda@mks.co.uk  
t: +44 (0)1737 779000



**Vijay Tanna**  
Partner  
vtanna@mks.co.uk  
t: +44 (0)20 8848 5521



**Tim Stovold**  
Partner  
tstovold@mks.co.uk  
t: +44 (0)20 7566 3814



**Bharat Rampal**  
Chief Inward Investment  
Officer  
brampal@mks.co.uk  
t: +91 991 0900578



**Kishore Achary**  
Assistant Vice President – BD  
kachary@mks.co.uk  
t: +91 981 9810907



**Sian Rudling**  
International BD Executive  
srudling@mks.co.uk  
t: +44 20 7566 3814

Join us on LinkedIn @MKS\_India\_Group



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