

Constable VAT Consultancy

VAT Focus 13 April 2012

Changes from 1 April 2012

From **1 April 2012**, all VAT registered businesses are required to submit VAT returns, for accounting periods beginning on or after that date, online. There is no longer an option for businesses with a turnover below £100,000 to submit paper returns.

HMRC is reminding businesses who do not currently file their returns online to ensure they register for online filing as soon as possible by visiting www.online.hmrc.gov.uk.

HMRC is keen to point out that there are the following advantages to online submission.

- an automatic acknowledgement that the return has been received;
- a handy sum checker, and
- an email alert reminder that the next return is due.

From **April 2012** HMRC will also no longer accept Intrastat declarations on paper forms C1500 and C1501. Intrastat declarations must be submitted online from this date. The deadline for submission of these declarations has also changed to the 21st day of the month, meaning March 2012 Intrastat figures must be submitted by **21 April**. More information can be found in HMRC's Revenue & Customs [Brief 07/12](#).

From **1 April 2012** low value consignment relief has been removed from mail order goods imported into the UK.

Consultation following Budget

HMRC are seeking comments regarding their proposals to address various anomalous areas of VAT. The [consultation document](#) explains the current rules, the intended changes and why they are deemed necessary. The consultation ends on **4 May 2012**.

The changes covered by the consultation include, among others, measures to:

- clarify the treatment of catering to ensure that all hot takeaway food is taxed and to clarify the meaning of premises;
- remove exemption from self storage to ensure all supplies of storage receive the same tax treatment and to counter avoidance;
- remove the zero-rate currently available for approved alterations to certain listed buildings.

Pendragon Case FTC29/2009)

This case involved a group of companies that entered into a complex scheme with the intention of accounting for VAT only on the profit made on demonstrator cars, rather than on their full sale price.

HMRC issued assessments on the basis that the scheme was abusive (applying Halifax principles) and imposed misdeclaration penalties. The First Tier Tribunal allowed the companies' appeals but the Upper Tribunal reversed this decision holding 'the transactions in this case were an attempt to obtain a tax advantage contrary to the purpose of the relevant provisions' and in circumstances where the essential aim of the transactions was to secure that tax advantage". The Upper Tribunal therefore agreed with HMRC that the transactions involved an abuse of law.

Cost Sharing Exemption

The VAT Cost Sharing Exemption will be implemented into UK law once the Finance Act 2012 receives Royal Assent later this year. The measure will exempt from VAT the supply of services by a group which consists of persons engaged in exempt or non-taxable activities so long as the services are supplied to group members at cost for the purposes of those activities.

HMRC is currently consulting on draft guidance outlining when taxpayers will be entitled to apply this VAT exemption. Finalised guidance will be published in time for the legal implementation. If you would like to discuss the Cost Sharing Exemption or the draft guidance please speak with your usual CVC contact.

Visit our [website](#) for current news updates. To discuss any of the above issues please contact us on 0207 830 9669 or email: info@ukvatadvice.com. You can also follow CVC on [Twitter](#)

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Thinking outside the box