

# Constable VAT Consultancy

## VAT Focus 9 November 2012

### HMRC Announcements

HMRC has announced that its Online Services will now include a new way for you to register for VAT. At the same time HMRC has also introduced a new variations service. Together these changes mean that you or your agent can do the following online:

- Register for VAT.
- Attach necessary documents, for example when applying for group registration (forms VAT 50 and VAT 51) or notifying of an option to tax (form VAT 1614A).
- Make changes to the principal place of business and contact details. **Please note:** agents cannot change the principal place of business or bank details on behalf of their client.
- Deregister for VAT.
- Apply for Annual Accounting or Flat Rate Scheme.
- View and print the VAT certificate. **Please note:** agents will only be able to do this if they've been authorised to act on behalf of their client for VAT using the online agent authorisation service.
- Be automatically enrolled for VAT Online, so that returns can be submitted online. **Please note:** if an agent submits a VAT registration online on behalf of a client, the client and agent won't be automatically enrolled to use the VAT Online service and will need to do this separately. This is to protect online security.

Taxpayers can also now set up a 'delegate' to help them register for VAT and they will be able to review or amend the application before it is submitted. The delegate might be a friend, colleague, or an accountant (or other professional adviser).

HMRC has also announced that from **1 November 2012** it will be taking a new approach to Business Records Checks (BRC).

A pilot programme of Business Records Checks (BRC) began in April 2011. This involved checks by HMRC on the adequacy of the statutory business records of small and medium sized enterprises, which HMRC categorised as businesses with an annual turnover below £30 million who employ less than 250 people.

In early 2012 a review of the pilot programme, which included discussions with trade and professional bodies' representatives, found clear evidence that the programme was effective in improving record-keeping practices amongst SMEs. However, it recommended that the checks were better targeted in future, and linked to wider education and support activities. In order to implement the review's recommendations all new BRC activity was paused from 3 February to 31 October 2012 to allow HMRC to redesign the BRC process.

A new approach to BRC started on 1 November 2012. Customers who are more likely to be at risk of having inadequate records will be contacted by letter to arrange for HMRC to call them to go through a short questionnaire. Depending on the outcome of this call, HMRC will confirm to some customers that no further action is required. Where some issues are identified, customers will be offered targeted self-help education options. Customers who are assessed as being at risk of keeping inadequate records will be referred for a BRC visit.

### Does an overpayment increase the amount of VAT due on a supply?

A recent VAT Tribunal case, Borough Council of King's Lynn and Norfolk (BCKLN), considered the matter of whether overpayments, made for car parking constituted consideration for a taxable supply, in particular they considered a situation where a person is purchasing car parking at a particular price but does not have the correct change for the machine and therefore pays more than is required. BCKLN considered that VAT was only payable on the amount actually due for the car parking, whereas HMRC argued that VAT was due on the whole amount paid.

The Tribunal ruled that VAT was not due on the overpayments in these circumstances stating 'It is clear that the fact that a party receives a sum of money does not mean that that sum represents consideration. There must be a link defined by reference to an agreement by the parties between what is supplied and what is paid for.'

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](mailto:info@ukvatadvice.com). You can also follow CVC on [Twitter](#)

This newsletter is intended as a general guide to current VAT issues and is not intended to be a comprehensive statement of the law. No liability is accepted for the opinions it contains or for any errors or omissions.

Thinking outside the box