

Isle of Man Customs & Excise

VAT Notes No. 1 of 2014/15

Items of general interest to Isle of Man Traders

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Headline budget changes having effect in the Isle of Man

VAT: Increased registration and deregistration thresholds

With effect from 1 April 2014 the annual taxable turnover threshold (on a rolling 12-month basis), which determines whether a person must be registered for VAT, increased from £79,000 to £81,000. The taxable turnover threshold which determines whether a person may apply for deregistration increased from £77,000 to £79,000.

VAT: Fuel scale charges

Changes to the VAT fuel scale charge rates based on emissions take effect from 1 May 2014. Anyone completing a VAT return for a period commencing on or after 1 May 2014 should apply these new rates where applicable. The revised rates are available on our website at <http://www.gov.im/categories/tax.-vat-and-your-money/customs-and-excise/fuel-scale-charges/>. The VAT fuel scale charge is a simplified means of taxing the private use of business fuel.

Excise: Alcohol duty rates

The duty rates for beer decreased by 6 per cent for low strength beer (below 2.8% abv), 2 per cent for the standard rate of beer duty (between 2.8% and 7.5% abv) and 0.75 per cent overall for high strength beer (above 7.5% abv) on 24 March 2014. This reduced the price of an average strength pint of beer by 1 penny.

The duty rates for spirits and other drinks of a strength exceeding 22%, and for other cider and perry, are frozen.

The duty rates for wine and made-wine and sparkling cider of a strength exceeding 5.5% increased by the rate of inflation (based on RPI) on 24 March 2014. This added 6 pence to the price of a bottle of wine. The price of a litre of higher strength sparkling cider increased by 8 pence.

Excise: Tobacco duty rates

Legislation has been introduced to increase tobacco duty rates by 2 per cent above the rate of inflation (based on RPI) on 19 March 2014. This added 24 pence to the price of 20 cigarettes, 8 pence to the price of a pack of 5 small cigars, 23 pence to the price of a 25g pouch of hand-rolling tobacco, and 13 pence to the price of a 25g pouch of pipe tobacco.

Air Passenger Duty (APD)

With effect from 1 April 2014, APD rates increased by the rate of inflation (based on RPI). However, for the overwhelming majority of passengers who fly economy class within Europe the rates will not increase. For economy travellers Band A, mainly the UK and Europe, the duty rate remains at £13.

Export and Trade Controls

Changes to trade control licensing requirements with effect from 9 April 2014 ensure Isle of Man law meets the terms of the UN Arms Trade Treaty. The effect of this is to expand the list of items subject to trade controls to include all conventional arms falling within categories specified in the Treaty.

A news release was published to this effect on 25 March 2014 and is available at <http://www.gov.im/news/2014/mar/25/export-and-trade-controls/>. This also provides links to further information on our website.

European Union Sanctions – Ukraine

Financial institutions and other persons are reminded of the EU financial measures taken against certain persons, entities and bodies in view of the situation in Ukraine.

To ensure compliance with the sanctions measures, please read the news releases on our home page at <http://www.gov.im/categories/tax,-vat-and-your-money/customs-and-excise/>. These also provide links to further information on our website.

VAT place of supply rules and introduction of the VAT Mini One Stop Shop

In VAT Notes 4 of 2013, HM Revenue & Customs (HMRC) advised that changes will be made to the VAT place of supply of services rules involving business to consumer supplies of broadcasting, telecommunications and e-services (BTE) from 1 January 2015.

The changes affect businesses that supply BTE to consumers (private individuals). This means that the place of taxation of these supplies will become determined by the location of the consumer who receives the service, not the location of the supplier of the service (as it is currently). The changes do not affect businesses that supply BTE to other businesses.

To save affected businesses having to register for VAT in every European Union Member State where they supply BTE, they may opt to use the VAT Mini One Stop Shop online service (VAT MOSS).

Isle of Man businesses will be able to register to use VAT MOSS from October 2014 and the online service will be available for use from 1 January 2015. However, registration and use will be via the HMRC website for IOM businesses, go to <http://www.hmrc.gov.uk/posmoss>

VAT implications of letting barns for storage

New rules governing changes to the VAT treatment of the provision of storage facilities from exempt to standard-rated VAT were highlighted in VAT Notes 3 of 2013/14.

The purpose of this article is to alert farmers specifically and anyone who lets the whole or part of a fully enclosed structure, such as a barn, which is then used for the storage of goods, that they may have to charge VAT on the rental income at the standard rate of VAT, which is currently 20%.

There are specific exceptions to the new rules, including the storage of live animals.

Further guidance on how to establish the correct VAT liability is contained in **VAT Information Sheet 10/13 – VAT: Provision of Storage Facilities** (HMRC Website).

If you have a query for which you are unable to find the answer within this VAT Information Sheet, please contact our Advice Centre on 648130 or email customsadvic@gov.im

Bank details supplied to us for the repayment of VAT

If you have supplied us with your bank account details for the repayment of VAT directly to your bank account, please remember to advise us of any future changes to these details which may affect repayments to you, in order to avoid unnecessary delay. A [BACS Application Form – BACS 1 MAN](#) is available on our website for completion.

Payment of VAT by electronic means

Traders who pay their VAT liability electronically (e.g. BACS, CHAPS, Faster Payments or Bank Giro Credit Transfer) are reminded that they have an extra 7 calendar days to submit their return and payment.

However, please ensure that your payment instruction is made in sufficient time to credit our bank account on or before the 7th calendar day, allowing for weekends and bank holidays.

For example, if the 7th calendar day falls on a Sunday, you should ensure that your instruction has been placed with your bank in sufficient time to credit our account on the previous bank working day, i.e. the preceding Friday (unless this is a bank holiday). If the 7th calendar day falls on a bank holiday, you should also ensure that your instruction has been placed with your bank in sufficient time to credit our account on the previous bank working day.

Banks and building societies can operate different arrangements for setting up payments, so before making a payment to us you must check the following with your own bank or building society:

- Are there any single or daily limits to how much you can transfer from your account?
- Is there a bank cut-off time for processing payments on the same day?
- How long will it take for your bank to send your payments to us?

Checking these details will help to ensure that you do not incur any unnecessary late payment surcharges. Please remember to use your VAT registration number as the payment reference. For further advice and guidance please contact our Debt Management Unit on 648160. A Notice entitled ['Electronic Payments'](#) is also available on our website

Faster Payments by online or telephone banking

Traders who pay their VAT liability electronically using Faster Payments are advised that specific advice and guidance notes are available on our [website](#).

Because we operate to statement entries rather than available funds, of particular note is the cut off time for making a payment on the same day, which is not when the funds leave your account and become available to the recipient.

Financial difficulties

Isle of Man Customs and Excise takes a sympathetic and flexible approach to businesses facing temporary financial difficulties. If you are worried about being able to meet your tax liabilities, please get in touch with us to discuss payment options to help you deal with temporary cash flow difficulties.

Our officers will review your circumstances with you and can discuss temporary options tailored to your business needs.

Please get in touch with us as soon as you believe you may have difficulty in making a payment; our telephone number for this service is 648152.

Additional late payment surcharges will not be charged once an agreement has been reached with you provided the agreement is accepted before the debt becomes due, although interest will continue to be payable on those taxes where it applies.

Online services

Customs and Excise Division has further enhanced its online facilities in both "My VAT Return" and "My Clients VAT Return" services from 17 December 2013.

A new facility is available to change your own postal address and contact details when logged into "My VAT Return" service. Select menu option "Business Details" and then "Contact Details". You can also print your own VAT Registration Certificate (VAT 4) by selecting menu option "Registration Certificate".

A new facility for Agents is available to print a VAT Registration Certificate (VAT 4) for any of your VAT client companies when logged into "My Clients VAT Return" service. Just select menu option "Registration Certificate".

For further details of how to enrol, visit the 'online services' page on our website. To obtain an activation code, or to discuss any online services, call 01624 648103 or 648104.

Making your payment directly to our bank account

If you are using the C&E online facility, there is a credit transfer option which enables you to indicate to us that you intend to instruct your bank to transfer money from your account. Our account details are provided at the end of this option and are also printed on the reverse of your paper VAT return. You still need to instruct your bank to make the transfer and they will be able to advise you on the best electronic means available to you. Please remember to use your VAT registration number as the payment reference.

Please be aware that many Government departments/divisions have their own separate bank accounts and if you pay money due to Customs & Excise to another division's bank account, e.g. Income Tax, there may be a delay in applying the payment or it might be returned by the recipient. Please take extra care to ensure that you make payment to the correct bank account.

Contacting Isle of Man Customs & Excise

Unit	Phone	Email
VAT Advice	648130	customsadv@gov.im
VAT Registration	648120	
VAT Deregistration	648150	
Excise & Customs Advice	648140	
Debt Management	648160	
Assurance Visiting Teams	648170	Assurance.Customs@gov.im
Support Services	648180	SupportServices.Customs@gov.im
Customer Relationship Unit	648190	cru.customs@gov.im
General Enquiries	648100	customs@gov.im
Online Services	648103	customsonline@gov.im
Anti Smuggling	648110	
Customs Hotline	0800 59 5000	

Fax

661725

Web page

www.gov.im/customs

Address

PO Box 6, Custom House, North Quay, Douglas, Isle of Man,
IM99 1AG