

Isle of Man Customs & Excise

VAT Notes No. 2 of 2014/15

Items of general interest to Isle of Man Traders

Included in this Issue: -

- VAT: Supplies of sporting services by non-profit making bodies – NEW
- VAT: Prompt Payment Discounts – NEW
- VAT treatment of Hot Take-Away Food – NEW
- Place of supply, VAT MOSS – NEW
- VAT number validation – NEW
- Syrian sanctions - NEW
- Export and Trade Controls
- European Union Sanctions – Ukraine
- Bank details supplied to us for the repayment of VAT
- Payment of VAT by electronic means
- Faster Payments by online or telephone banking
- Financial difficulties
- Online services
- Making your payment directly to our bank account

VAT: Supplies of sporting services by non-profit making bodies

The implications of the judgment by the European Court in Bridport and West Dorset Golf Club Ltd are detailed in Revenue & Customs Brief 25/14 which may be found at <http://www.hmrc.gov.uk/briefs/vat/brief2514.htm> and will be of interest to Members' golf clubs and other non-profit making sports clubs and their advisors.

The Bridport appeal concerned green fees paid by visitors (non-members) in respect of which existing policy treats any supplies to individuals who are not members as taxable income.

The European Court of Justice (CJEU) found that where a supply is made by a non-profit making body it is immaterial whether it is provided to a member of the body or a visitor.

As a result of the CJEU judgment, HMRC accepts that supplies of sporting services to both members and non-members of non-profit making sports clubs qualify to be treated as exempt from VAT.

Revenue & Customs Brief 25/14 details how Members' clubs that decide to reimburse non-members who were incorrectly charged VAT on sporting services supplied to them may make claims for overpaid VAT.

HMRC are examining the scope for restricting repayments to clubs not making arrangements to reimburse the paying non-members to avoid the unjust enrichment of members' clubs. Further advice will be issued on these claims after a conclusion has been reached on this point.

Bodies eligible to benefit from the exemption arising from the CJEU decision may with immediate effect complete their VAT returns on the basis that qualifying sporting services to non-members are exempt from VAT.

If you have a query for which you are unable to find the answer within Revenue & Customs Brief 25/14, please contact our Advice Centre on 648130 or email customsadvise@gov.im

VAT: Prompt Payment Discounts

Changes introduced with legislation in the Finance Bill 2014 relating to VAT and prompt payment discounts will take effect in relation to supplies made on or after 1 April 2015, requiring businesses to account for VAT on the full consideration paid for goods and services where prompt payment discounts are offered.

HMRC would like to receive views or suggestions on how the businesses affected should make consequent accounting adjustments. These will be used to inform any guidance HMRC may issue.

Businesses that use prompt payment discounts and their customers have until 9 September 2014 to submit their views and suggestions when the consultation closes.

The consultation document may be found at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/320780/VAT_prompt_payment_consultation.pdf

VAT treatment of Hot Take-away Food

The Court of Appeal (CoA) released its judgment in *Sub One Limited (t/a Subway) (Sub One)* ([2014] EWCA Civ 773) on 10 June 2014. The unanimous judgment confirms HMRC's view that supplies of hot take-away food and all food supplied for consumption on the premises on which it is supplied are taxable at the standard rate of VAT.

The principles set out in [VAT Information Sheet 12/12](#) which clarified the law to ensure that hot takeaway food is taxed consistently at the standard rate of VAT should continue to be followed.

Guidance will be updated once HMRC know whether Sub One will appeal.

Place of supply, VAT MOSS

In VAT Notes 1 of 2014, HMRC advised that from 1 January 2015 changes will be made to the VAT place of supply of services rules involving business to consumer supplies of broadcasting, telecommunications and e-services (known as digital services). The changes mean the place of taxation of these supplies will be determined by the location of the consumer who receives the service and not, as it is now, by the location of the supplier of the service.

An optional online Mini One Stop Shop (VAT MOSS) service is being introduced at the same time. This means businesses will not have to register in every European Union state in which they have consumers.

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.

You need to be aware of the changes if your business is involved in supplying digital services. For more information, go to <http://www.hmrc.gov.uk/posmoss/index.htm>

VAT number validation

You can verify the validity of a VAT number issued by any Member State, including Isle of Man (IOM) and United Kingdom (UK) VAT numbers, on the *europa website* using the weblink below. Simply select the Member State from the drop-down menu provided (GB applies to IOM and UK VAT numbers), and enter the number to be validated (no spaces). Click *Verify* and a confirmation window will then open providing name and address details in respect of valid VAT numbers and further guidance in respect of invalid numbers. Go to http://ec.europa.eu/taxation_customs/vies/vatRequest.html

Syrian sanctions

The Treasury is publishing a news release advising that, as of 8 August 2014, there is a new offence under export control laws for involvement in the illegal removal of cultural artefacts from Syria.

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.

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