

Isle of Man Customs & Excise

VAT Notes No. 1 of 2015/16

Items of general interest to Isle of Man Traders

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Headline budget changes having effect in the IOM

VAT: Increased registration and deregistration thresholds

With effect from 1 April 2015 the annual taxable turnover threshold (on a rolling 12-month basis), which determines whether a person must be registered for VAT, increased from £81,000 to £82,000. The taxable turnover threshold which determines whether a person may apply for deregistration increased from £79,000 to £80,000.

VAT: Fuel scale charges

Changes to the VAT fuel scale charge rates based on emissions take effect from 1 May 2015. Anyone completing a VAT return for a period commencing on or after 1 May 2015 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 spirits, still cider and perry (below 7.5% abv), beer (between 2.8% and 7.5% abv), sparkling cider and perry (below 5.5% abv) and other drinks of a strength exceeding 22% abv decreased by 2 per cent.

The duty rates for low strength beer (below 2.8% abv) decreased by 6 per cent, overall for high strength beer (above 7.5% abv) by 0.75 per cent and for still cider and perry exceeding 7.5% abv by 1.3 per cent.

The changes took effect from 23 March 2015.

This will reduce the price of a typical bottle of spirits by 18 pence, a typical litre of cider by 1 penny, and a typical pint of beer by 1 penny.

The duty rates for wine and made-wine not exceeding 22% abv and sparkling cider exceeding 5.5% are frozen.

Excise: Tobacco duty rates

Legislation has been introduced to increase tobacco duty rates on all tobacco products by 2 per cent above the rate of inflation (based on RPI) on 18 March 2015. This added 16 pence to the price of 20 cigarettes, 5 pence to the price of a pack of 5 small cigars, 16 pence to the price of a 25g pouch of hand-rolling tobacco, and 9 pence to the price of a 25g pouch of pipe tobacco.

Air Passenger Duty (APD)

With effect from 1 April 2016, APD rates will increase by the rate of inflation (based on RPI). APD rates are charged in whole pounds. Duty rates are set by applying RPI to the previous year's rate, and rounding the result to the nearest £1. Based on the current RPI forecast for 2016/17, for economy travellers Band A, mainly the UK and Europe, the duty rate will remain rounded to £13.

Optional Voluntary Insurance (“OVI”) – VAT liability

VAT registered businesses are reminded that VAT is due at the standard rate on the supply of OVI when the Insurance Cover is provided by way of a policy in the name of the business. OVI includes, but is not limited to:

TPI - Theft Protection Insurance
CDW – Collision Damage Waiver
ECR – Excess Reduction Cover

Businesses likely to be involved in the supply of OVI will be contacted in the near future on an individual basis to ensure the correct VAT treatment has been applied.

In order to minimise any exposure to financial penalties, businesses who have not been accounting for VAT on OVI correctly should correct the situation in advance of such contact.

Advice and guidance on how to correct any errors can be obtained from this office.

VAT: Prompt Payment Discounts (PPD)

PPD is an offer by a supplier to their customer of a reduction in the price of goods and/or services supplied if the customer pays promptly; that is, after an invoice has been issued and before full payment is due. For example, a business may offer a discount of 5% of the full price if payment is made within 14 days of the date of the invoice.

PPD VAT legislation was amended earlier in 2014. The change took effect on 1 May 2014 for supplies of broadcasting and telecommunication services where there was no obligation to provide a VAT invoice. For all other supplies the change takes effect on 1 April 2015. After the change, suppliers must account for VAT on the amount they actually receive and customers may recover the amount of VAT that is actually paid to the supplier.

Revenue & Customs Brief 49 provides guidance on what to do when you raise or receive a VAT invoice offering a PPD from 1 April 2015 when the change takes effect, including an alternative VAT invoice procedure to raising credit or debit notes <https://www.gov.uk/government/publications/revenue-and-customs-brief-49-2014-vat-prompt-payment-discounts/revenue-and-customs-brief-49-2014-vat-prompt-payment-discounts>

VAT place of supply of service rule changes and the VAT Mini One Stop Shop (VAT MOSS)

The new rules regarding the taxation of cross border business to consumer (B2C) supplies of digital services came into effect on 1 January 2015. VAT on these supplies must now be charged and accounted for in the consumer's, rather than the supplier's, Member State using the VAT rate in force in the consumer's Member State.

The Mini One Stop Shop (MOSS) provides a helpful simplification measure for those businesses impacted by the 2015 VAT place of supply changes. It allows a business to register with HM Revenue and Customs (HMRC) and make a single declaration every calendar quarter covering all the VAT due in every other Member State. HMRC wants to encourage UK businesses to register to use it. If you have not registered by the deadline (the 10th day of the month following your first digital supply) then please email HMRC for advice, before you register for the service, at VAT2015.contact@hmrc.gsi.gov.uk. Registration and use will be via the HMRC website for IOM businesses.

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

UN and EU Sanctions

Financial institutions and other persons are reminded that financial and other measures may be taken against specified persons, entities and bodies under United Nations or European Union sanctions. Further information about any prohibitions and restrictions involved may be found on the [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

You can submit your VAT Return, EC Sales List and make a payment online. You can also view your previously submitted VAT Return details. To use online services you should register with IOM Government Portal <https://www.gov.im/onlineservices/> to create your own ID and Password. Then once registered, select Customs and Excise to enrol. 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.

The online services continue to grow in popularity; with approximately 70% of all VAT returns now being submitted online this year. Similarly, the online service for submitting EC Sales Lists is being used extensively, with approximately 80% of data being submitted online rather than through traditional paper methods. Please note, the due date for submitting EC Sales Lists is 21 days from the end of the period if submitting electronically, but only 14 days if submitting in paper form.

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