

# Isle of Man Customs & Excise

## VAT Notes No. 1 of 2016/17

### 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 2016 the annual taxable turnover threshold (on a rolling 12-month basis), which determines whether a person must be registered for VAT, increased from £82,000 to £83,000. The taxable turnover threshold which determines whether a person may apply for deregistration increased from £80,000 to £81,000.

##### VAT: Fuel scale charges

Changes to the VAT fuel scale charge rates based on emissions take effect from 1 May 2016. Anyone completing a VAT return for a period commencing on or after 1 May 2016 should apply these new rates where applicable. The revised rates are available on our website at <https://www.gov.im/categories/tax-vat-and-your-money/customs-and-excise/technical-information-duty-and-interest-rates/fuel-scale-charges/>. The VAT fuel scale charge is a simplified means of taxing the private use of business fuel.

##### VAT: Reliefs for Isle of Man Charities

This measure ensures that charities subject to the jurisdiction of the High Court of the Isle of Man (IOM) are able to obtain the same charity Value Added Tax (VAT) reliefs as charities in the United Kingdom (UK) provided that they also meet the other conditions in Schedule 6 to the Finance Act 2010.

IOM charities wishing to claim charity VAT reliefs in the UK will first of all need to obtain recognition of their charitable status from HMRC at <https://www.gov.uk/charity-recognition-hmrc>

Further information concerning charity VAT reliefs may be found at <https://www.gov.uk/vat-charities>

##### Excise: Alcohol duty rates

The duty rates for sparkling cider and perry exceeding 5.5% alcohol by volume (abv) but less than 8.5%, and all wines and made-wines at or below 22% abv increased in line with inflation (based on RPI).

The changes take effect from 21 March 2016.

The duty rates for beer, spirits, wine and made-wine exceeding 22% abv, still cider and perry and sparkling cider and perry of a strength not exceeding 5.5% are frozen.

The revised duty rates may be found on our website at <https://www.gov.im/categories/tax-vat-and-your-money/customs-and-excise/technical-information-duty-and-interest-rates/>

##### Excise: Tobacco duty rates

The Excise Duties Order 2016 [SD 2016/0109] increased hand-rolling tobacco (HRT) duty by 5% above the rate of inflation (based on RPI) from 6pm on 16 March 2016. This is an additional 3% rise above the tobacco duty escalator which was

announced at Budget 2014 and is assumed in the public finances. All other tobacco products increased by 2% above the rate of inflation (based on RPI) as announced at Budget 2014. This increase also took effect from 6pm on 16 March 2016.

This adds 21 pence to the price of 20 cigarettes, 7 pence to the price of a pack of 5 small cigars, 44 pence to the price of a 30g pouch of hand-rolling tobacco and 11 pence to the price of a 25g pouch of pipe tobacco.

The revised duty rates may be found on our website at <https://www.gov.im/categories/tax-vat-and-your-money/customs-and-excise/technical-information-duty-and-interest-rates/>

#### Air Passenger Duty (APD)

As announced at the March Budget 2015, the APD rates for the tax year 2016/17 will increase in line with inflation (based on RPI) with effect from 1 April 2016.

Budget 2016 announced that APD rates for the tax year 2017/18 will also increase in line with inflation (based on RPI) from 1 April 2017.

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. This means that for the overwhelming majority of passengers, who fly economy class within Europe, rates will remain the same.

#### **Disclosure of Exporter Information**

From 8 April 2016, HM Revenue and Customs will start to publish certain information relating to exporters and the goods they export. This is intended to facilitate trade, boost UK growth and help exporters to find new markets. Further information is available in [Revenue and Customs Brief 8 \(2016\): release by HM Revenue and Customs of exporter information](#) which also explains how businesses can 'opt-out' from having their information published.

The Isle of Man has introduced similar legislation to that of the UK and in particular the 'opt-out' clause if you want your exporter information excluded from publication.

#### **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](#).

#### **Cash Declarations**

Persons taking or sending large sums of cash to or from the Island are reminded that they must declare it to Customs and Excise if it amounts to €10,000 or more, (or the equivalent amount in another currency). Failure to do so could result in a penalty being imposed and the cash being seized. Copies of [Notice 9011 MAN](#) and [form C9011 MAN](#) are available on the website, or from Custom House, Sea Terminal and the Airport. A News Release reminder has also been issued at <https://www.gov.im/news/2016/apr/12/reminder-of-the-need-to-declare-large-sums-of-cash/>

#### **Trade-Based Money Laundering (TBML)**

TBML may be seen as the process of disguising the proceeds of crime and/or moving its value using the cover of real or concocted trade transactions, so as to legitimise the illicit origins of the proceeds. Notice 1000 MAN provides a general overview of the risks and challenges associated with TBML and what might be done to prevent and combat it and is available on our website at <https://www.gov.im/media/1348726/notice-1000-man-trade-based-money-laundering-updated-2-mar-16.pdf>

#### **Designated Businesses (Registration and Oversight) Act 2015**

Persons who provide accounting services for third parties or act as a tax adviser may be undertaking designated business and therefore may be required to register under the Designated Businesses (Registration and Oversight) Act 2015. If your business fits the definition under the Act it will need to register with the Financial Services Authority by 26 April 2016.

#### Who does this affect?

Among other businesses, the Act requires that "external accountants" and "tax advisers" be registered.

- "external accountant" means any person who, by way of business, provides accountancy services to third parties. These services include preparation of financial statements, bookkeeping or similar, completing, or arranging for the completion of tax returns.
- "tax adviser" means a person who in the ordinary course of his or her business gives, and holds himself or herself out as giving, advice to others about their tax affairs and has been appointed to give such advice either by the person in relation to whose tax affairs he or she has been appointed or by another tax adviser of that person.

The Act does not make persons affected by its provisions licence holders of the Authority. Designated businesses are registered and overseen by the Authority for AML/CFT compliance only. If you believe that your business is not caught under the Act please contact the Authority as soon as possible at [dnfbp@iomfsa.im](mailto:dnfbp@iomfsa.im)

Further information can be found on the Authority's website – [www.iomfsa.im](http://www.iomfsa.im) and the registration system is available online at [www.iomdnfbp.co.im](http://www.iomdnfbp.co.im)

### **VAT – domestic reverse charge for businesses wholesaling telecommunications services**

From 1 February 2016, HMRC has introduced a reverse charge for wholesale supplies of telecommunications services.

Details regarding what services the reverse charge applies to and how the reverse charge works are contained in Revenue and Customs Brief 01/16.

For more information about this, search for 'Revenue and Customs Brief' on the GOV.UK website.

### **VAT MOSS – Simplifications for businesses trading below the VAT registration threshold**

On 1 January 2015 the VAT place of supply for digital services supplied to consumers and other non-business customers inside the EU changed.

It changed from where the supplier belongs to where the customer belongs. Businesses making these supplies became liable to register for VAT in each country where they supplied digital services.

To make it easier to comply with this change the VAT MOSS system was introduced. Businesses using VAT MOSS can declare and pay the VAT due on their sales of digital services to customers across the EU using a single return and payment. This can be done in their home member state, instead of registering for VAT in every member state where the VAT is due.

If you provide digital services to consumers or other non-business customers in other EU member states and your total turnover is below the UK VAT registration threshold Revenue and Customs Brief 04/16 gives details of a simplification for smaller businesses. Isle of Man (IOM) businesses wishing to use VAT MOSS should use the links provided in Revenue and Customs Brief 04/16 as registration and use will be via the HMRC website for IOM businesses.

For more information about this, search for 'Revenue and Customs Brief' on the GOV.UK website.

### **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](http://ec.europa.eu/taxation_customs/vies/vatRequest.html)

### **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 7<sup>th</sup> calendar day, allowing for weekends and bank holidays.

For example, if the 7<sup>th</sup> 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 7<sup>th</sup> 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/online-services/> to create your own ID and Password. Then once registered, select Customs and Excise to enrol for the service.

It is our normal practice to issue activation codes to enrol to use the online service, to all newly VAT registered businesses. However, if these have been lost, or have expired, a new activation code can be obtained by contacting Customs and Excise on 01624 648103 or 648104, or email to [customsonline@gov.im](mailto:customsonline@gov.im) for this and any other online queries. For further details of how to enrol, visit the online services page on our website <http://www.gov.im/categories/tax-vat-and-your-money/customs-and-excise/registering-for-online-services/>

### **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**

<b>Unit</b>	<b>Phone</b>	<b>Email</b>
VAT Advice	648130	<a href="mailto:customsadv@gov.im">customsadv@gov.im</a>
VAT Registration	648120	
VAT Deregistration	648150	
Excise & Customs Advice	648140	
Debt Management	648160	<a href="mailto:dmu.customs@gov.im">dmu.customs@gov.im</a>
Assurance Visiting Teams	648170	<a href="mailto:Assurance.Customs@gov.im">Assurance.Customs@gov.im</a>
Support Services	648180	<a href="mailto:SupportServices.Customs@gov.im">SupportServices.Customs@gov.im</a>
Customer Relationship Unit	648190	<a href="mailto:cru.customs@gov.im">cru.customs@gov.im</a>
General Enquiries	648100	<a href="mailto:customs@gov.im">customs@gov.im</a>
Online Services	648103	<a href="mailto:customsonline@gov.im">customsonline@gov.im</a>
Anti Smuggling	648110	
Customs Hotline	0800 59 5000	
Sanctions & Export Control	648138	<a href="mailto:customs@gov.im">customs@gov.im</a>

Fax 661725  
Web page [www.gov.im/customs](http://www.gov.im/customs)  
Address PO Box 6, Custom House, North Quay, Douglas, Isle of Man, IM99 1AG