

Isle of Man Customs & Excise

VAT Notes No. 1 of 2017/18

Items of general interest to Isle of Man Traders

Included in this Issue:-

- **Headline budget changes having effect in the Isle of Man - NEW**
- Raw Tobacco Approval Scheme
- Alcohol Wholesaler Registration Scheme (AWRS) - **NEW**
- Sanctions and export control - **NEW**
- Cash Declarations
- Trade-Based Money Laundering (TBML)
- Do the Requirements of Anti-Money Laundering Law Apply to my Business?
- Proliferation and Proliferation Financing Risks
- Flat Rate Scheme new 16.5% rate for limited cost businesses - **NEW**
- VAT number validation
- 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 - **NEW**
- Making your payment directly to our bank account when using the credit transfer payment option

Headline budget changes having effect in the Isle of Man

VAT: Increased registration and deregistration thresholds

With effect from 1 April 2017 the annual taxable turnover threshold (on a rolling 12-month basis), which determines whether a person must be registered for VAT, increased from £83,000 to £85,000. The taxable turnover threshold which determines whether a person may apply for deregistration increased from £81,000 to £83,000.

VAT: Fuel scale charges

Changes to the VAT fuel scale charge rates based on emissions take effect from 1 May 2017. Anyone completing a VAT return for a period commencing on or after 1 May 2017 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.

Excise: Alcohol duty rates

All alcohol duty rates increased in line with inflation (based on RPI).

The changes took effect from 13 March 2017.

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

Legislation will be included in Finance Bill 2017 to increase the duty rates for all tobacco products by 2% above the rate of inflation (based on RPI) from 6 pm on 8 March 2017. This is in accordance with the Budget 2014 announcement that all tobacco duty rates will increase by this amount each year until the end of the current Parliament.

This adds 35 pence to the price of 20 cigarettes, 42 pence to the price of a 30g pouch of hand-rolling tobacco and 23 pence to the price of a 30g 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 Budget 2016, the APD rates for the tax year 2017/18 will increase in line with inflation (based on RPI) with effect from 1 April 2017.

Spring Budget 2017 announced that APD rates for the tax year 2018/19 will also increase in line with inflation (based on RPI) from 1 April 2018.

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.

Raw Tobacco Approval Scheme

Subject to Tynwald approval, from 1 April 2017 anyone who carries out any activity involving the handling of raw tobacco in the Island must be approved by the Treasury, unless an exemption applies.

To check if you should be approved and for more information please refer to Notice 2003: Tobacco Duty – the Raw Tobacco Approval Scheme on the HMRC website:

<https://www.gov.uk/government/publications/excise-notice-2003-tobacco-duty-the-raw-tobacco-approval-scheme/excise-notice-2003-tobacco-duty-the-raw-tobacco-approval-scheme>

Please note that applications for approval in the Isle of Man should be submitted to Customs and Excise, Custom House, North Quay, Douglas, Isle of Man, IM99 1AG.

Alcohol Wholesaler Registration Scheme (AWRS)

If you sell alcohol to another business you may need to apply for approval for the AWRS. The scheme was introduced to tackle alcohol fraud and traders wholesaling alcohol in the UK or Isle of Man must be registered for the scheme (with some exceptions).

You will face penalties if you trade without approval.

Anyone who buys alcohol from UK suppliers to sell to the public needs to:

- check the businesses they buy from have registered for the AWRS
- have a Unique Reference Number (URN)

You can check these by following the links below:

Isle of Man approved traders: <https://www.gov.uk/government/publications/check-if-an-alcohol-wholesaler-in-the-isle-of-man-is-approved>

UK approved traders: <https://www.gov.uk/check-alcohol-wholesaler-registration>

You will not need to check all your suppliers on 1 April 2017. You can carry out checks before you next trade with each wholesaler. You will need to repeat this check periodically, to ensure your wholesalers remain approved for AWRS. Keep records of the checks as evidence of your due diligence activities.

Further information about the AWRS, including when a sale is not subject to the scheme, is available [here](#).

Sanctions and export control

The Customs and Excise Division of the Treasury amended Sanctions Notice 26, which provides general information and guidance to a business on how to deal with UN and EU sanctions. All persons in business in the Island are advised to read the Notice. It contains guidance on –

- what to do if a person or entity is removed from a list of those subject to sanctions;
- if some other change means that an account should no longer be blocked;
- if funds or other economic resources should no longer be frozen;
- the treatment of so-called 'false positives' found when checking client and account databases;
- making it clear that a business is expected to maintain records of any potential and actual matches to names on sanctions lists, including false positives;
- there is no requirement to formally inform Customs and Excise or the FIU that an account has been unblocked or a freeze on funds or other economic resources has been lifted. However, adequate records of any such changes should be maintained.

Businesses are able to register with the available RSS feed to enable them to receive all relevant news releases issued by the Customs and Excise Division advising of changes concerned with sanctions, as well as related export and trade control developments. Such news releases would advise of lifting of sanctions, new information, public notices etc.

One may subscribe to the RSS feed at <https://www.gov.im/categories/tax-vat-and-your-money/customs-and-excise/news/>

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>. The slides from a presentation given by Customs and Excise to the ACSP are now available on the website <https://www.gov.im/media/1351863/acsp-tbml-presentation-june-2016-final.pdf>

Do the Requirements of Anti-Money Laundering Law Apply to my Business?

All designated businesses, and those that accept cash payments of €15,000 or more (or the equivalent in any currency), are required to comply with the legislation concerned with the prevention of money laundering. [Factsheet 100 MAN](#) is available on our website to help you identify if this applies to your business and what you must do.

Proliferation and Proliferation Financing Risks

In September 2016, Customs and Excise published Notice 1008 MAN on proliferation and proliferation financing. This provides guidance to business on the risks and how they may be countered. This is available on the website at <https://www.gov.im/media/1352777/notice-1008-man-proliferation-and-proliferation-financing-risks-14-nov-16.pdf>

Flat Rate Scheme new 16.5% rate for limited cost businesses

This change applies from 1 April 2017 to businesses on the VAT flat rate scheme for small businesses, in any sector, but only if they have limited costs. Further guidance can be found in VAT Notice 733 flat rate scheme for small businesses available on UK site, see sections 4.4, 4.5 and 4.6 <https://www.gov.uk/business-tax/vat> (put "733" in the gov.uk search bar to find VAT Notice 733). VAT Notice 733 section 4.4 includes an online calculator to allow businesses to check if they are considered a limited cost business.

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

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 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 648100, or email to 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/>

The online services continue to grow in popularity; with approximately 77% 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 90% 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 when using the credit transfer payment option

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	dmu.customs@gov.im
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	
Sanctions & Export Control	648138	customs@gov.im

Fax

661725

Web page

www.gov.im/customs

Address

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

Customs and Excise feedback [form](#)