

# Isle of Man Customs & Excise

## VAT Notes No. 1 of 2013/14

### Items of general interest to Isle of Man Traders

Included in this Issue:-

- **Headline budget changes having effect in the Isle of Man - NEW**
- **Machine Games Duty - NEW**
- **Mailing cash in and out of the Isle of Man - NEW**
- **Trade Control Licences - NEW**
- **EU Enlargement: Croatia joins the European Union – NEW**
- **Accommodation used for catering - NEW**
- **Declaration and Clearance of Imported Motor Vehicles**
- **VAT on gaming machine takings – fiscal neutrality supplementary claims**
- **Changes to VAT invoicing rules**
- **Payment of VAT by electronic means**
- **Online services**
- **VAT enquiries**
- **Submitting returns online?**
- **Bank details supplied to us for the repayment of VAT - NEW**

#### **Headline budget changes having effect in the Isle of Man**

##### VAT: Increased registration and deregistration thresholds

With effect from 1 April 2013 the annual taxable turnover threshold (on a rolling 12-month basis), which determines when a person must be registered for VAT, increased from £77,000 to £79,000. The taxable turnover threshold which determines whether a person may apply for deregistration increased from £75,000 to £77,000.

##### VAT: Fuel scale charges

Changes to the VAT fuel scale charge rates based on emissions take effect from 1 May 2013. Anyone completing a VAT return for a period commencing on or after 1 May 2013 should apply these new rates where applicable. The revised rates are available on our website at <http://www.gov.im/treasury/customs/faqs/scale.xml> 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, wine and made-wine, and cider and perry increased by 2 per cent above the rate of inflation (based on RPI) on 25 March 2013. This added 2 pence to the price of a litre of cider, 10 pence to the price of a bottle of wine, and 38 pence to the price of a bottle of spirits.

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 25 March 2013. This reduced the price of an average strength pint of beer by 1 penny.

##### 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 20 March 2013. This added 26 pence to the price of 20 cigarettes, 9 pence to the price of a pack of 5 small cigars, 26 pence to the price of a 25g pouch of hand-rolling tobacco, and 14 pence to the price of a 25g pouch of pipe tobacco.

#### **Machine Games Duty**

Machine Games Duty (MGD) was introduced on the takings of gaming machines in the Island at a rate of 15% (inclusive) on 1 February 2013, and from that date the takings of machines liable to it were no longer liable to VAT. VAT remains due on the takings of amusement machines, and other machines that are not liable to MGD. Further details may be found at <http://cf.gov.im/categories/tax,-vat-and-your-money/customs-and-excise/machine-games-duty/>

#### **Mailing cash in and out of the Isle of Man**

From 1 June 2013 the requirement to declare to Customs and Excise cash in excess of €10,000 brought into or taken out of the Island will also apply to cash sent or received in the mail. The Cash in Postal Packets Act 2013 comes fully into operation from that date. The requirement applies to cash sent or received to or from anywhere outside the Island,

including the UK. Declaration forms and more information can be found on the Customs and Excise website at <http://www.gov.im/treasury/customs/notices/>

### **Trade Control Licences**

Businesses are reminded that any involvement in the trafficking or brokering of a range of goods, including military or paramilitary equipment or equipment that may be used for internal repression, or to produce or deliver weapons of mass destruction may require a trade control licence issued by the Treasury. As little as one telephone call or email may be enough to trigger the requirement for a licence, and there are severe penalties for breaches of the requirements. For more information see Notice 279 MAN on the Sanctions and Export Control page of the Customs and Excise website at <http://www.gov.im/treasury/customs/sanctions.xml>

### **EU Enlargement: Croatia joins the European Union**

On 1 July 2013 Croatia will become part of the European Union, increasing the total number of Member States from 27 to 28.

This means that, from 1 July 2013, if you supply goods to a VAT registered customer in Croatia, or supply services that are subject to the reverse charge to businesses in Croatia, these supplies must be treated in the same way as supplies to existing Member States and have to be included on your EC Sales Lists (ESLs). You should use the country code "HR" for Croatia.

You should also ensure that, from 1 July 2013, all your trade in goods between UK/IOM and Croatia is recorded in boxes 8 and 9 of your VAT return. You may also need to complete Intrastat returns if you import or export goods between the UK/IOM and Croatia.

You can read more at <http://www.uktradeinfo.com> and following the News links.

### **Accommodation used for catering**

HMRC Revenue & Customs Brief 02/13 explains the provision of accommodation in rooms in hotels, inns, boarding houses and similar establishments provided for the purpose of supplies of catering, such as rooms provided by hotels for wedding receptions, is standard rated. Links to the information sheets may be found in Revenue & Customs Brief 02/13 at <http://www.hmrc.gov.uk/briefs/vat/brief0213.htm>

### **Declaration and Clearance of Imported Motor Vehicles**

From 15 April 2013 the procedures involved in importing a vehicle, whether new or used, change and anyone importing a vehicle – whether from the EU or elsewhere – will have to declare its arrival to Customs and Excise within 14 days of its arrival. It will not be possible to register and licence the vehicle for use on the road until it has been declared and until Customs and Excise is satisfied that any charges due in respect of the vehicle have been secured. For more information please follow the link on our homepage at <http://www.gov.im/treasury/customs/>

### **VAT on gaming machine takings - fiscal neutrality supplementary claims**

Following our invitation in VAT Notes No 3 of 2012/2013 and on our web page, for affected businesses to seek repayment of overpaid VAT (based on the principle of fiscal neutrality, as explained on our website), many businesses have already submitted such claims.

This is a reminder that gaming machine income became exempt with effect from 1 February 2013 when it became liable to Machine Games Duty (MGD). Supplementary claims for overpaid VAT for the period up to 31 January 2013 should now be made at the earliest opportunity and, where possible, before 31 March 2013.

Any business entitled to a refund that has yet to submit a claim for any period should do so urgently to ensure that the claim is within time limits.

### **Changes to VAT invoicing rules**

Changes introduced by EU Council Directive 2010/45/EU to simplify VAT invoicing rules came into force on 1 January 2013. The main changes are:

- Simplifying the rules for electronic invoicing
- Removing the requirement to issue a VAT invoice for exempt supplies
- Use of a simplified VAT invoice for supplies up to £250 in value
- Reference on an invoice to explain the treatment of the supply
- Reduce the time limit for issuing a VAT invoice for an EU cross-border supply
- Other changes include a minor change relating to goods being sent to another Member State for the purposes of being valued.

Businesses are advised to review the HMRC guidance *VAT: changes to VAT invoice rules*

[http://customs.hmrc.gov.uk/channelsPortalWebApp/downloadFile?contentID=HMCE\\_PROD1\\_032093](http://customs.hmrc.gov.uk/channelsPortalWebApp/downloadFile?contentID=HMCE_PROD1_032093) to see how this may affect them or by contacting the Advice Centre on 648130.

### **Payment of VAT by electronic means**

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

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 by the 5<sup>th</sup> 'working' day. Also please remember to quote your VAT number as a reference for the payment, so that it can be correctly allocated to your VAT account.

Any payments received after the 7<sup>th</sup> calendar day are late payments and may be subject to default surcharge.

For further advice and guidance please contact our Debt Management Unit on 648160. A Notice entitled 'Electronic Payments' is also available on our website at <http://www.gov.im/treasury/customs/notices/>

**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.

For further details of how to enrol, visit the following web page <http://www.gov.im/treasury/customs/online.xml> 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 over 50% of all VAT returns now being submitted online this year. Similarly, the online service for submitting EC Sales Lists is being used extensively, with over 55% 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.

**VAT Enquiries**

When contacting us by telephone you will be asked to supply your VAT registration number, so please remember to have it ready prior to contacting us and quote it in all your written correspondence by letter and e-mail. This helps us to provide the best possible service when dealing with your enquiry.

If you are responding to correspondence you have received, please reply to the sender or contact by your preferred method using the contact details provided.

**Submitting returns online?**

Please note that it is not necessary to send a paper version of an already submitted web return, as the returns can only be fully processed once, the paper return being rejected if an attempt is made to input the return details a second time.

If you submit your returns online and no longer wish to receive a paper VAT return or European Community Sales Lists then you can turn this option off or on using the Administrator option on your online account.

**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 change 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 at <http://www.gov.im/treasury/customs/forms/>

**Contacting Isle of Man Customs & Excise**

Unit	Phone	Email
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	
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	

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