

Isle of Man Customs & Excise

VAT Notes No. 2 of 2013/14

Items of general interest to Isle of Man Traders

Included in this Issue:-

- Payment of VAT by electronic means – NEW
- Faster Payments by online or telephone banking – NEW
- Headline budget changes having effect in the Isle of Man
- Machine Games Duty
- Mailing cash in and out of the Isle of Man
- Trade Control Licences
- EU Enlargement: Croatia joins the European Union
- Accommodation used for catering
- VAT number validation – NEW
- Financial difficulties - NEW
- Online services
- Making your payment directly to our bank account - NEW

Recently added:-

- Provision of Storage Facilities (September 2013)

Provision of Storage Facilities

With effect from 1 October 2012 the law provides that 'the grant of facilities for the self storage of goods' is excluded from the exemption in respect of a licence to occupy land. Notes to this exclusion specify that 'self storage' covers any storage of goods apart from live animals or storage by charities storing goods for non-business purposes.

Accordingly, this change affects a wider range of storage facilities than what may commonly be referred to as 'self storage'. Most supplies of facilities that are used for storage of goods are affected by the change and therefore may be standard-rated for VAT when previously they may have been exempt for VAT, i.e. where the conditions of a licence to occupy land were met.

Further guidance on how to establish the correct VAT liability of supplies of storage facilities is contained in [VAT Information Sheet 10/13 VAT: Provision of Storage Facilities](#) which has recently been published to clarify the position. This cancels the previously issued VAT Information Sheet 14/12, titled 'VAT: Self Storage'.

If you have a query for which you are unable to find the answer within this VAT Information Sheet, please contact our Advice Centre on 648130 or email customsadvise@gov.im

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 at <http://www.gov.im/treasury/customs/notices/>

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 at <http://www.gov.im/treasury/customs/notices/>

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.

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://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>

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

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. 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.

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 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 | customsadvise@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