

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/>

#### VAT registration

Trader's who are intending to submit an application form to register for VAT, are reminded to use the latest version of the application form VAT 1 MAN. This can be found on the IOM Customs and Excise website [www.gov.im/customs](http://www.gov.im/customs) under the heading "registering for VAT".

In addition, those traders who are registering for VAT and whose business activities include those of yacht ownership and chartering, should also complete and submit the new form REG 4 MAN with their application.

#### Online services and paper returns

Anyone who now enrolls to use our online returns services will no longer, by default, receive paper returns. Almost half of people who now send their returns in online have already chosen not to receive paper returns. 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.

#### Excise Movement Control System

On 1 April 2010 a new computer system comes into use for movements of excise goods around Europe, replacing the current paper Administrative Accompanying Document (AAD) system. The Excise Movement Control System (EMCS) will be used to control the movement of goods liable to excise duty (such as alcoholic beverages, tobacco products and mineral oils) between Member States of the European Union and between premises which hold such goods under duty suspension. Businesses involved in the movement of excise

goods will be required to register with Customs and Excise. Further details may be obtained from the Advice Centre on 648140 or by visiting the website <http://www.gov.im/treasury/customs/ViewNews.gov?menuid=&page=lib/news/treasury/customs/excisemovementco.xml>

#### Online EC Sales List service

A new online EC Sales List service was launched by IOM Customs and Excise on 30 June 2010. This service is automatically available to anyone enrolling, or who has already enrolled for the VAT service. The due date for submitting the EC Sales List is 21 days from the end of the period if submitting electronically, but only 14 days if submitting a paper form.

#### Online services

Online submission of returns continues to prove popular with the number of businesses enrolled to use them steadily increasing, with over 30% of all VAT returns now being submitted online. The recently introduced service for submitting online European Community Sales Lists (ECSLs) is already being used extensively, with over 50% of data being submitted online rather than through traditional paper methods. For further details on how to enrol and use these services visit the following web page <http://www.gov.im/treasury/customs/online.xml>

#### Isle of Man Customs & Excise Contact Details

General Enquiries	648100
Anti Smuggling Line	648110
VAT Registration	648120
VAT Advice Centre	648130
Excise/Customs Advice Centre	648140
VAT Deregistration	648150
Debt Management	648160
VAT Visiting Teams	648170
Fax Line only	661725

#### Please dial direct

Isle of Man Customs & Excise postal address is:

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

Isle of Man Customs & Excise e-mail address is: [customs@gov.im](mailto:customs@gov.im). Isle of Man Customs & Excise web page



## Isle of Man Customs & Excise

### VAT Notes

#### Items of general interest to Isle of Man Traders No 3 of 2010/2011 included:-

- Change to the Standard Rate of VAT
- VAT - Flat Rate Scheme for Small Traders
- Major changes which took effect from 1 January 2010
- Deadline for 2009 EU Cross-Border VAT Refund Claims
- Changes to the time limits for assessments of VAT and duties and claims for refunds
- Online VAT Services - VAT Notes Online
- Payment of VAT by electronic means
- VAT registration
- Online services and paper returns
- Excise Movement Control System
- Online EC Sales List service
- Online services

#### A Division of the Isle of Man Treasury

## Change to the Standard Rate of VAT

From the 4 January 2011, the standard rate of VAT in the IOM/UK will rise from 17.5% to 20%. Further information regarding this change can be found on the following websites:

[www.gov.im/customs](http://www.gov.im/customs)

[www.hmrc.gov.uk](http://www.hmrc.gov.uk)

## VAT - Flat rate scheme for small traders

As a result of the increase in the standard VAT rate from 4 January 2011, the thresholds and percentages which apply to traders using the VAT - Flat Rate Scheme will also change. Further details can again be found on the HMRC website or are available from the IOM Customs and Excise Advice Centre on 648130. All traders using the scheme should ensure that they apply the amended percentage applicable to their business sector from the 4 January 2011.

## Major changes which took effect from 1 January 2010

From the 1 January 2010, major changes took place to the VAT rules for businesses who:

- supply services to or receive services from overseas businesses
- supply goods to other EC countries
- reclaim VAT incurred in another EC country.

These changes affect **where**, **how** and **when** VAT is accounted for.

### Place of supply of services

The place of supply of services rules are changing. In particular the general rule for business-to-business transactions will be that VAT needs to be accounted for where the customer is located. The general rule for business-to-customer transactions will remain that VAT is accounted for where the supplier is established. As now, there will be some exceptions to the general rules.

### EC Sales List (ESL) for services

UK and Isle of Man VAT registered businesses that supply services to VAT registered businesses in other EU countries, where the place of supply is the customer's country, now have to complete ESLs for each calendar quarter and submit these within 14 days for paper returns and 21 days for electronic returns. For more information see

<http://www.hmrc.gov.uk/VAT/ec-sales-lists.pdf>

UK and Isle of Man VAT registered businesses that supply goods to other VAT registered businesses in other EU

countries already submit ESLs. From 1 January 2010 new rules will:

- reduce the time available to submit ESLs in line with the limits above
- as an anti-fraud measure, require the monthly submission of ESLs where the value of the supplies of intra-Community goods (excluding VAT) exceeds £70,000 in the current quarter, or any of the previous four quarters. This threshold will be reduced to £35,000 (excluding VAT) with effect from 1 January 2012.

For more information see <http://www.hmrc.gov.uk/VAT/ec-sales-lists.pdf>

### Intrastat thresholds

Revenue and Customs Brief 69/09 explains how businesses trading with other EU Member States could be affected by changes from 1 January 2010. Changes in Intrastat thresholds from 1 January 2010

- The exemption threshold for arrivals is increased from £270,000 to £600,000
- The exemption threshold for dispatches is reduced from £270,000 to £250,000

For more information see <http://www.hmrc.gov.uk/briefs/brief6909.htm>

### Important changes to the procedure for obtaining refunds of VAT paid in other EU Member States

A new electronic VAT refund procedure was introduced across the EU for all claims submitted after 1 January 2010 to replace the current paper-based system. Businesses established in the UK/IOM now submit claims for VAT incurred in other EU countries on a standardised form through the UK Government Gateway, rather than direct to the Member State of Refund. As a result there is no longer a need for the issue of VAT Certificate of Status (VAT 66). Isle of Man traders will have to register to use the UK Government Gateway at <http://www.gateway.gov.uk/> and in addition, they will also have to notify Isle of Man Customs and Excise of their intention to make a claim so that their VAT number and basic details can be entered onto the electronic system and we can supply the applicant with login details specifically for Isle of Man traders. Further details on how the system will operate can be found at the following web address

<http://www.hmrc.gov.uk/vat/refund-procedure.pdf>

## Deadline for 2009 EU Cross-Border VAT Refund Claims

The deadline for businesses to submit their 2009 EU VAT Cross-Border refund claims is to be extended from **30 September 2010** to **31 March 2011**.

The European Commission's proposal for a six month extension to the current deadline due to the technical problems with a number of other Member States portals has been unanimously supported. As a result the necessary EU legislation is expected to be adopted shortly and to apply retrospectively from 1 October. The UK legislation will also be amended so it fully aligns with the EU legislation.

**Please note:** If you make a refund claim during this extended period the HMRC VAT EU Refund service will display the following warning message:

"The refund period start month cannot be before January of this year".

Please ignore this message. Your claim will be processed and forwarded to the Member State of refund for consideration.

## Changes to the time limits for assessments of VAT and duties and claims for refunds

From 1 April 2010 new time limits for assessments of both under paid and over paid VAT, customs duties and excise duties made by Customs and Excise came into operation.

Treasury will normally be able to assess back four years from the end of the relevant tax period, although the limit for deliberate errors will be twenty years. Claims for refund of over paid duty and VAT are also being increased to four years.

## Online VAT Services - VAT Notes Online

Both IOM and HMRC VAT Notes can be viewed online, this includes historic ones.

The addresses are:

For IOM VAT Notes: [http://www.gov.im/treasury/customs/notices/vat\\_notes.xml](http://www.gov.im/treasury/customs/notices/vat_notes.xml)

For HMRC VAT Notes: <http://www.hmrc.gov.uk/vat/forms-rates/guidance-news.htm>

## 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.