

Isle of Man Customs & Excise

VAT Notes No. 2 of 2019/20

Items of general interest to Isle of Man Traders

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Brexit

Isle of Man Customs and Excise have set up a Brexit area on the Gov.im website at <https://www.gov.im/categories/tax-vat-and-your-money/customs-and-excise/brexit/>

This site currently provides information for businesses who trade or are involved with trade with the EU, guidance on getting an EORI number to trade in the EU and useful Brexit related links. It is intended that the site will develop as Brexit progresses.

Brexit – Technical Notices

The UK Government is publishing a large number of documents, referred to as technical notices, which set out information to allow UK businesses and citizens to understand what they would need to do in a 'no-deal' scenario, so they can make informed plans and preparations.

Each notice is being carefully reviewed by the Cabinet Office and the relevant Isle of Man Government Department and a summary of the impact or relevance of each technical notice will be published on their website at <https://www.gov.im/about-the-government/departments/cabinet-office/brexit-what-next-for-the-isle-of-man/technical-notices/>

VAT IT system rules and processes if the UK leaves the EU without a deal

The rules and processes for VAT IT systems will change. This guidance is for businesses that:

- claim VAT refunds from EU countries
- need to check the validity of UK VAT registration numbers
- report sales of digital services to consumers in the EU using the UK VAT Mini One Stop Shop
- are under the VAT digital services threshold and make sales of digital services to consumers in the EU.

HMRC will update this guidance when further details are available.

<https://www.gov.uk/guidance/vat-it-system-rules-and-processes-if-the-uk-leaves-the-eu-without-a-deal>

Soft Drinks Industry Levy

From 1 April 2019, the Soft Drinks Industry Levy ('the levy') will be introduced in the Isle of Man. The levy mirrors that already in place in the United Kingdom. The levy is aimed at producers and importers on the Island of soft drinks containing added sugar. A News Release containing further details and links may be found at

<https://www.gov.im/news/2019/feb/20/soft-drinks-industry-levy/>

Revenue and Customs Brief 2 (2019): VAT – import VAT deducted as input tax by non-owners

This brief explains the correct treatment for the deduction of import VAT paid by a taxable person who is not the owner of the relevant goods. HMRC is aware of incorrect treatment by businesses whereby import VAT has been incorrectly deducted as input tax by non-owners of the goods. From 15 July 2019, HMRC will only allow claims for input tax deduction made using the correct procedures. For further information please see

[Revenue and customs brief 2 2019 VAT- Import VAT deducted as input tax by non-owners](#)

Making Tax Digital for VAT

Isle of Man Customs & Excise has received a number of enquiries concerning HMRC's 'Making Tax Digital' plans and mandatory requirement to file electronically from 1 April 2019. The Regulations that introduce these rules will not be coming into operation on the Island until such time as we have the technology in place to accept VAT returns etc. on this basis. Therefore, if you are registered for VAT in the Isle of Man, you will not have to comply with the 'Making Tax Digital' requirements from 1 April 2019.

However, if you are based on the Island, registered for VAT in the UK and submitting VAT returns to HMRC, you will need to meet the 'Making Tax Digital' requirements from 1 April 2019 as set out in [VAT Notice 700/22](#).

Sanctions and export control

Changes have been made to financial sanctions guidance issued by the Customs and Excise Division of the Treasury and changes have also been made to the layout of the website page.

Three new pieces of guidance have been issued:

- [Financial Sanctions – Guidance](#)
- [Financial Sanctions Relating to Terrorism – Guidance](#)
- [Financial Sanctions Relating to Proliferation – Guidance](#)

The aim of the updated guidance is to assist persons and businesses on the Island comply more easily with financial sanctions legislation, understand their obligations under the legislation and make clear who reports must be made to.

These changes were publicised in a news release issued 4 September 2018 which may be found at <https://www.gov.im/news/2018/sep/04/financial-sanctions/>

Comprehensive advice and guidance on UN and EU sanctions, export controls, trade control licensing (restrictions on the movement between other countries of certain goods where Island persons are involved), trade-based money laundering, proliferation and terrorism and terrorist financing may be found on our website at <https://www.gov.im/categories/tax-vat-and-your-money/customs-and-excise/sanctions-and-export-control/>

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.

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

Repayments by BACS, straight into your bank account

We can send a payment straight to your bank account if you are due a VAT repayment. To receive your repayments straight to your bank please complete and send to us a [BACS Application Form – BACS 1 MAN](#) available on our website.

Payments by BACS are faster, safer and more secure than Payable Orders which can take up to 6 days to clear and will be phased out in the future.

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

Isle of Man Customs & Excise prefer electronic payments and encourage customers to pay this way. In comparison to electronic methods, cheques are less secure, more susceptible to fraud, slower and more expensive to process.

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.

What to do if you can't pay your VAT

We appreciate that cash flow within a business can fluctuate and if you are not able to pay all or any of the amount due, please call us on 648160 or email dmu.customs@gov.im and we will be able to discuss payment options with you.

Please get in touch with us as soon as you believe you may have difficulty in making a payment. Our dedicated debt management team will review your circumstances with you and can discuss temporary options tailored to your business needs.

Additional late payment surcharges will not be charged once an agreement has been reached with you provided the agreement is accepted before the VAT becomes due, although interest will continue to be payable where applicable.

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 96% 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.

Privacy Notice

The Treasury collects information about you in order to administer taxation and carry out other functions for which it is responsible (e.g. National Insurance, customs and excise duties, property rates, social security benefits, state pensions and legal aid etc.), and for the detection and prevention of crime.

Whilst that information will primarily be provided by you, where the law allows we may also get information about you from other organisations, or give information about you to them. This may be to check the accuracy of the information provided, prevent or detect crime or protect public funds in other ways. These organisations may include other government departments, the police and other agencies.

To find out more about how we collect and use personal information, contact any of our offices or visit our website at: <https://www.gov.im/about-the-government/departments/the-treasury/privacy-notice/>

Contacting Isle of Man Customs & Excise

Unit	Phone	Email
VAT Advice	648130	customsadv@gov.im
VAT Registration	648120	
VAT Deregistration	648150	
VAT Deregistration – Applications		deregistration.vat@gov.im
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	648109	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](#)