

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, will have to complete ESLs for each calendar quarter and submit these within 14 days for paper returns and 21 days for electronic returns.

This means you will need to start collecting your customers' VAT Registration Numbers now.

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

EC Sales Lists for goods

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>

New VAT Notices

Notice 725 (December 2009) *The single market* cancels and replaces Notice 725 (January 2007). This notice has been revised to reflect the above mentioned changes from 1 January 2010 affecting ESLs.

Notice 741A (January 2010) *Place of supply of services* cancels and replaces Notice 741 (May 2008). This notice has been revised to reflect the above mentioned changes from 1 January 2010 affecting place of supply of services rules. It also includes guidance on the changes up to and including 1 January 2013.

To download the new VAT Notices see <http://www.hmrc.gov.uk/thelibrary/vat.htm>

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>